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1/21/87

Quarterly
Statistical & Economic Report

- **The Economy:**
  - **Recent Trends**
  - **Updated Forecast: 1987–1990**
- **The Job Count: Forecasting Verses Measurement**
- **Statistical Tables**

4th Quarter 1986

DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT

STATE OF HAWAII
1959

This quarterly report has been prepared by the Research and Economic Analysis Division of the State Department of Planning and Economic Development (DPED). It presents information and analysis concerning current statistical and economic trends affecting Hawaii. Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division will be happy to respond to any inquiries of a technical nature that readers may have (548-3062).

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This report has been cataloged as follows:

Hawaii. Dept. of Planning and Economic Development. Research and Economic Analysis Division
  Quarterly statistical and economic report - State of Hawaii.
Honolulu: June 1975-

  Quarterly.

  1. Hawaii-Statistics.
HA4007.H359

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1. The Economy - Recent Trends

A. Current Economic Conditions

The pace of overall economic activity in Hawaii has accelerated in the past few months, thanks mainly to this year's surge in tourism which continued into the normally quiet Autumn season. Construction activity, another contributor to the current economic upturn, also remained brisk through the third quarter. Nationally, the economy bounced back from a virtually flat second quarter to post a modest 2.9 percent gain in real GNP for the third quarter.

Hawaii's Economy

Hawaii's 1986 tourism boom continued unabated into the fourth quarter of the year. The 1986 visitor count through September was up almost 15 percent over the first nine months of 1985 and it was likely that 1986 would be the best year for Hawaii's visitor industry since a 17 percent increase in 1973. Westbound visitor arrivals (primarily from the U.S. Mainland) increased 15.6 percent for the first nine months of 1986, while eastbound visitors (originating from the Orient and Pacific areas) registered a 12.5 percent increase in number from the comparable period in 1985. This strong eastbound increase is probably due to the lower international value of the dollar, which has made Hawaii vacations and overseas air fares a bargain for foreigners, especially the Japanese.

Overall economic activity in Hawaii was somewhat slow to react to the flood of visitors during the first half of the year, but third quarter data showed a definite improvement, with an impressive 16 percent increase in total taxable transactions in the State during July and August, and a 2.5 percent increase for the preliminary jobcount in the third quarter. The State's unemployment rate fell to 4.7 percent in the July to September period from 5.5 percent in the previous three months. Total personal income for the first six months of 1986 rose 6.4 percent over the same 1985 period. This compares to a 5.6 percent increase nationally in the same period.

Tourism, of course, cannot take all the credit for Hawaii's rosier economic picture this year. A considerable boost to the economy has been provided by construction activity, since it turnaround last year from a five-year slump. Total construction value as measured for excise tax purposes increased 43 percent in the first eight months of 1986.

Defense spending has been the only major disappointment in Hawaii's economy for 1986, showing a 10 percent decline during the first six months of the year. The decline is concentrated in the procurement of local goods and services and likely represents a less active construction program and a tightening of the military budget nationally.

The National Economy

The growth of the U.S. economy edged up to a modest 2.9 percent annual rate in the third quarter, from a virtually flat second quarter. There has been some indication that the lower international value of the dollar has been slowly improving the nation's trade deficit which has been sapping domestic economic strength for several years. Economists have expected the lower value of the dollar to make foreign goods considerably more expensive in the U.S. and encourage more spending on domestic products. This increased domestic spending would stimulate income and employment growth in the U.S., but the process has been much slower than had been hoped.

The absence of vigorous economic growth nationally has had some desirable as well as undesirable consequences. It has allowed interest rates to continue their slow decline of the past several years and has also kept inflation in check. On the other hand, unemployment has remained at a rather high, 7 percent and the Federal deficit has been even greater than forecast because the economy is not generating tax revenue as fast as expected. The deficit hit a record $221 billion in the Federal fiscal year that ended this past September.

B. The Economic Outlook

The Nation

National economic forecasters are almost evenly split over whether 1987 will be somewhat better or somewhat worse economically than 1986. An average of 51 current major forecasts of the U.S. economy suggests a 2.6 percent gain in 1987 GNP, identical to the GNP growth projected for this year. The more optimistic of the forecasters generally expect 1987 GNP to show a 3 to 4 percent increase while the less optimistic group generally expect only a 1.5 to 2.5 percent growth. The most pessimistic of the national forecasts compiled anticipates a 1.0 percent decline in 1987 GNP, while the most optimistic forecast anticipates 4.2 percent growth.

This lack of clear consensus about the direction the economy may reflect concern over how long the current, four-year old economic expansion will continue. If it continues through 1987, it will be the second longest post-war expansion. On the other hand, the longest post-war expansion (in the 1960s) lasted almost nine years, suggesting that age alone is not a persuasive indication that an expansion is near its end.

The positive signs economists see for 1987 are the continuing decline in the international value of the dollar and the modest level of industrial capacity currently in use. Thus, if the dollar's lower value finally channels significant spending into domestic production, that demand can likely be satisfied without generating undue inflationary pressures. On the negative side, both the petroleum and agricultural industries remain depressed and will be a drag on overall growth at the national level. The composite forecast for the U.S. (compiled by Blue Chip Economic Indicators) is presented in table 1-1.

Outlook for Hawaii

Modest economic growth at the national level, lower interest rates, and a lower value of the dollar, provided the ingredients for an exceptionally good year economically for Hawaii in 1986. With these same national and international conditions likely to prevail in 1987, Hawaii can look forward to another year of growth. However, the rate of growth in some sectors is not likely to be as robust as in 1986, mainly because this year has been a catch-up period economically.

The current DPED forecast for Hawaii in 1987 is presented in table 1-2 along with a preliminary forecast for the 1988-1990 period. For 1987, the forecast anticipates a 5 percent increase in total visitor arrivals. Westbound visitor arrivals are anticipated to grow only 2 percent in 1987 while eastbound visitor traffic should show an 13 percent increase on the strength of a continuing appreciation of foreign currencies with respect to the dollar.

This anticipated rate of increase for visitor arrivals in 1987 is substantially lower than the expected 14.5 percent increase in 1986. However, a good portion of the 1986 growth rate represented either catch-up business resulting from the previous year's United Airlines strike or visitor traffic generated by the sharp decline in the international value of the dollar.

The strike loses have now been made up and only modest declines in the dollar's value are likely in 1987. Thus, visitor arrivals are expected to return to a growth rate based more on the anticipated moderate growth rate of the U.S. economy.

The growth rate in construction activity will also moderate in 1987, increasing about 9 percent in real terms compared to an estimated 26 percent increase in 1986. As was the case with tourism, 1986 was a catch-up year for construction, sparked by pent-up demand, lower interest rates, and an apparent increase in foreign investment in Hawaii. Interest rates may decline more in 1987, but not much, given the relatively low level at which they are currently.

While the major export sectors of the State's economy may cool off somewhat in 1987, the impact of this past year's sharp growth will continue to be felt in the economy. Businesses appear to have reacted to the upsurge in 1986 economic activity rather cautiously, utilizing existing capacity rather than embarking on major expansion. This has likely strained capacity and some catch-up in terms of employment and facilities can be expected in 1987, especially in visitor related industries. Thus, the total jobcount is expected to rise almost 3 percent in 1987 (about 14,000 jobs).

That would match the growth rate in jobs anticipated for 1986 when final statistics are compiled. (Chapter 2 discusses the subject of forecasts and measurements of jobs in more detail.)

The economic outlook for Hawaii beyond 1987 will depend in large part on how long the U.S. economy can avoid a recession or equally disruptive economic disturbances. Assuming the U.S. maintains a modest growth level through 1990, Hawaii's economy will continue to experience gains in economic activity, employment, and income but at a rate below that experienced in 1986 and 1987. As table 1-2 indicates, tourism will likely continue growing at about a 4 percent rate in terms of visitor arrivals after 1987, although the mix of visitors may change somewhat. Construction also will slow to about a 4 percent real growth rate.

This gradual slowing in the existing major income generating sectors is a long-term trend in Hawaii's economy and will result in a slight decline in the rate of growth in employment and total personal income for the period as indicated. If, on the other hand, the U.S. economy experiences a significantly different growth rate than anticipated, Hawaii's economy will perform correspondingly above or below the forecast in table 1-2.

Table 1-1.-- COMPOSITE FORECAST OF KEY U.S. ECONOMIC VARIABLES: 1986 TO 1990

a. Growth Rates 1/

	Quarterly growth					Annual growth rates		
	Actual		Forecast					
	1986		1986	1987		1985 to 1986	1986 to 1987	1987 to 1990
Variable	Q 2	Q 3	Q 4	Q 1	Q 2			
Real GNP	0.6	2.4	2.9	2.2	2.7	2.6	2.6	2.9
Industrial production ...	-2.1	2.3	11.4	-0.3	0.9	1.0	2.6	3.1
GNP deflator	1.8	3.6	2.1	3.3	3.4	2.7	3.1	4.0
Consumer price index	-1.7	2.6	2.5	3.6	3.8	1.9	3.2	4.1
Real disposable income .	6.2	-3.1	2.4	3.7	2.7	3.4	2.7	(NA)

b. Average Rate for Period (Percent)

	Quarterly data					Annual		
	Actual		Forecast					
	1986		1986	1987				
Variable	Q 2	Q 3	Q 4	Q 1	Q 2	1986	1987	Avg. 1987 to 1990
Unemployment rate	7.2	6.9	6.9	6.9	6.9	7.0	6.9	6.7
90-day Treasury bill rate	6.1	5.5	5.3	5.2	5.3	6.0	5.4	6.1
AAA corporate bond rate .	9.0	8.8	8.8	8.7	8.6	9.0	8.7	8.9

NA Not available.

1/ Annualized percent change from previous quarter for quarterly data, annual percent change for annual data.

Source: Eggert Economic Enterprises, Inc., Blue Chip Economic Indicators, November 10, 1986 (1986-87 Forecast), October 10, 1986 (1987-90 projection).

Table 1-2.-- DPED ECONOMIC FORECAST FOR HAWAII: 1986 TO 1990

[Calendar years]

Economic variable	Actual 1985	Estimated 1986	Forecast		Average annual percent change		
			1987	1990	85-86	86-87	87-90
Population (thousand)	1,053.9	1,070.3	1,086.9	1,138.4	1.6	1.6	1.6
Visitor arrivals (million) .	4.9	5.6	5.8	6.5	14.5	4.0	4.0
Consumer price index (1967=100)	294.1	301.5	312.0	351.0	2.5	3.5	4.0
Sugar tax base (millions of current dollars)	355.7	360.0	360.0	360.0	1.2	0.0	0.0
Personal income (millions of constant 1980 dollars) ...	11,309	11,726	12,008	12,605	3.7	2.4	1.6
Personal income (millions of current dollars)	14,558	15,472	16,398	19,363	6.3	6.0	5.7
Total jobs (1,000)	470.3	484.0	497.9	532.0	2.9	2.9	2.2
Total construction (constant 1972 dollars)	539.8	679.2	739.3	855.1	25.8	8.9	5.0
Residential	172.3	233.2	277.9	345.5	35.3	19.2	7.5
Commercial/industrial	136.7	196.1	203.7	229.1	12.8	3.9	4.0
Government	179.5	190.0	190.0	200.0	5.8	0.0	1.7
Nonstructural	51.3	59.9	67.7	80.5	16.8	13.0	5.9

Source: Department of Planning and Economic Development, Hawaii Econometric Model Project, November 1986.

2. The Jobcount: Forecasting Versus Measurement

The diligent reader of the DPED forecast in table 1-2 may notice an apparent inconsistency between the forecast for job growth in 1986 of 2.9 percent and the estimated growth in jobs for the first nine months of 1986, of only 1.9 percent (table 4-2). In fact, for the estimated jobcount to equal the DPED forecast for 1986 growth, total jobs would have to grow almost 6 percent in the last quarter of the year, a very unlikely prospect. But what will likely happen is that the jobcount, prepared by the State Department of Labor and Industrial Relations (DLIR), may be revised several times over the next year or so, and at least once more when 1990 census data become available. Ultimately, the final measure of 1986 job growth will probably be reasonably close to the current forecast for job growth, separated only by forecasting and jobcount measurement error.

As indicated in table 2-1, this process has occurred in each of the past three years. In 1983, DPED's August forecast for the year's job growth was 1.0 percent, quite inconsistent with the reported preliminary job loss of 0.3 percent. Yet over the next several years, revisions in the jobcount series increased the measured growth to 1.7 percent between 1982 and 1983 -- well over the August 1983 DPED forecast. Similar revisions to 1984 and 1985 jobcount data eventually boosted the measured growth rate in those years to well above preliminary estimates and again, slightly above DPED's forecasts. Further revisions to these data will be likely in the next decade when the availability of the 1990 census results will provide a basis for reestimating the level of self-employed persons in the State.

What causes these revisions? And why have the job forecasts turned out to be more accurate than the preliminary estimates over the past few years?

The DLIR jobcount data are revised because the initial estimates (called the "preliminary" count) are based on a small sample of Hawaii's business establishments which is later augmented by more extensive employment information. The most important augmenting information is called the ES-202 file which compiles the actual employment and total wages paid by virtually every legitimate business in Hawaii. This information is reported quarterly by all employers covered under the Employment Security Law, and several additional months are needed to process and compare the new data with the preliminary sample results.

Thus, the first "relatively" final estimates of the annual jobcount are not available until April of the following year. But even after that, revisions will occur because the ES-202 includes only wage and salary employment. Total jobs also include the activities of the self-employed who are not reported for ES-202 employment purposes. Estimates of agricultural self-employment are made quarterly by the State Department of Agriculture, but there are no periodic surveys of the nonagricultural self-employed in Hawaii except through the general census of population conducted every 10 years. In lieu of more frequent information, DLIR prepares estimates of nonagricultural self-employment

Table 2-1.-- ANNUAL RATE OF GROWTH IN TOTAL JOBS; FORECAST VERSUS PRELIMINARY AND CURRENT ESIMATES: 1982 TO 1985

Year	Percent change from previous year		
	DPED forecast	Preliminary jobcount estimate 3/	Current revised jobcount estimate 4/
1983	1.0 1/	-0.3	1.7
1984	1.9 1/	0.3	2.0
1985	1.8 2/	1.4	2.0

1/ Prepared in August of year.

2/ Prepared in October of year.

3/ Immediately after preliminary December estimate.

4/ As of April 1986.

based partly on the most recent census data and partly on adjusted, national self-employment levels provided monthly through the Federal Government's Current Population Survey (CPS) program. When a new Hawaii "benchmark" measure of self-employment becomes available through the 1990 census (probably not until 1995), estimates will be revised back to 1981.

The reliance on adjusted national relationships for self-employment introduces some error into the jobcount estimates because the proportion of self-employed in Hawaii's economy may differ with national proportions, even after adjustments. This is partly because the proportion of self-employment will likely change over the business cycle, and the Hawaii and U.S. business cycles may not be closely synchronized. During a recession, for instance, many previously self-employed persons may seek employment status and perhaps drop their self-employed work entirely. Thus, as interest rates and housing prices rise, real estate sales persons on commission may convert from commissions only to at least a part-time employee status and some may leave the business entirely. During accelerations in economic activity, the opposite may occur. For instance, during a construction boom, former or existing construction workers may take out or reactivate contracting licenses and solicit work on their own.

Another problem associated with measuring the true number of jobs the economy is providing is unreported employment. This is employment -- whether self-employment or otherwise -- that is not reported in any form, usually to avoid taxation. If the proportion of this kind of employment remains constant, the total jobcount will understate actual jobs by a constant factor. However, if that employment is growing faster than legal employment, the jobcount will show less growth in jobs than the economy is actually providing.

In contrast to the DLIR measurement of the jobcount, the DPED forecast of jobs is based on the forecast of economic activity and the historical relationship between economic activity and jobs. The forecast is tempered by such considerations as increasing worker productivity and the mix of economic growth activities, but essentially it forecasts the number of workers that would normally be needed to produce a given amount of economic activity. The accuracy of the jobs forecast will depend on two factors: (1) the accuracy of the forecast of business activity upon which it is based; and (2) deviations in the staffing patterns from past norms. Since information on business activity tends to be timely and fairly accurate, varying staffing patterns will tend to contribute most of the forecast error. Given the experience of the last several years, the job forecast, particularly in the second half of the year, may be more accurate in the long run than the jobcount estimates in the short run.

Interestingly, the forecasting method will tend to pick up significant changes in the level of self-employment and even unreported employment if the business activity measures are reasonably accurate. For instance, the DPED short-range econometric model currently predicts an average employment level of 18,900 in the State's construction industry for 1986 (an 11.4 percent increase from 1985) based on the estimated increase in construction activity. However, the first nine-months jobcount estimate for construction employment shows only a 2.2 percent increase from 1985 to 17,200. Part of that difference will be sampling error (for the jobcount) and error in the forecast. Yet some of the difference likely reflects an increase in self-employment in construction, which is not being picked up in the business establishment survey upon which the construction jobs count is based. It is also unlikely that the estimate of self-employment in Hawaii, based on the adjusted national trend, is reflecting more self-employment in construction either. The forecasting model, on the other hand, projects the number of jobs it estimates will be necessary to accomplish a given amount of construction, regardless of how those jobs may be classified.

The preliminary jobcount estimate could undoubtedly be made more accurate if considerably more businesses were sampled during the month. However, this could be an expensive proposition and of questionable economy since a few months later complete information on roughly 90 percent of the total jobcount is available from the ES-202 file. On the other hand, the development of a method to measure self-employment in Hawaii more frequently, especially by industry, could be a very valuable contribution to the understanding of changing business patterns in the State. However, such improvements will likely have to be made at the Federal level. This is because Hawaii's labor statistics program is actually a Federal program, following uniform U.S. Department of Labor procedures. The State basically operates the program for the Federal government under a cooperative arrangement.

In any event, the preliminary jobcount estimates should always be viewed with considerable caution until more firm estimates based on ES-202 data are prepared and only then should the accuracy of earlier job forecasts be evaluated.

3. INCOME AND PRICES

Personal income data for the second quarter of 1986 shows steady gains with Hawaii personal income growth slightly higher than the national rate. Earnings by industry, reflect the continued decrease in farm income and the rebound of the finance, insurance and real estate, and construction sectors which increased 16.9 and 11.1 percent respectively in the second quarter.

Prices as measured by the Honolulu Consumer Price Index, (CPI-U) indicate a continued low rate of inflation for August, with the apparel and transportation components experiencing lower prices than the previous year.

Figure 3-1

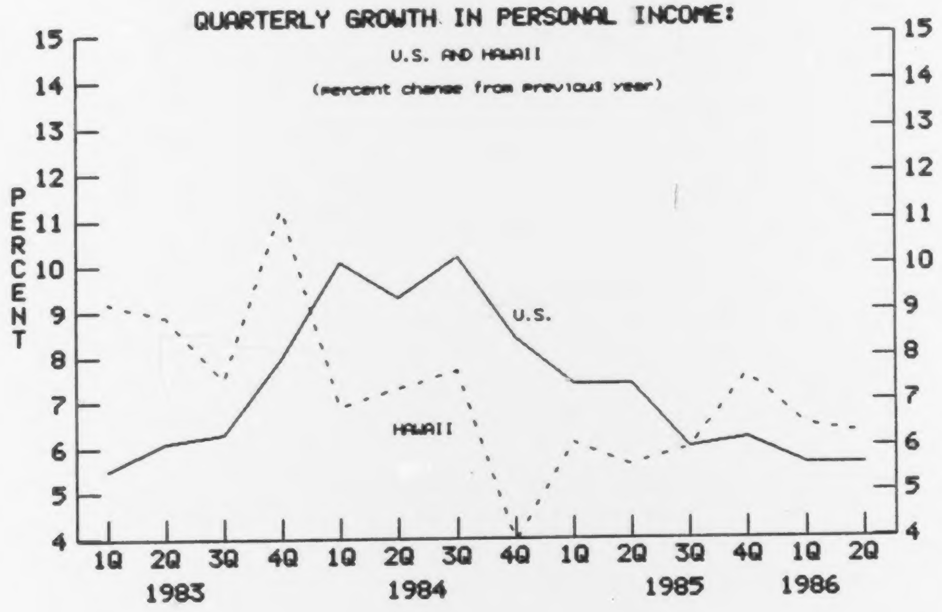

Table 3-1.-- TOTAL PERSONAL AND DISPOSABLE INCOME, FOR THE UNITED STATES AND HAWAII: 1980 TO 1986

[In millions of dollars]

Year	Total personal income 1/		Percent change from same quarter in previous year	
	United States	Hawaii	United States	Hawaii
1980	2,252,021	10,310	11.1	14.0
1981	2,512,327	11,068	11.6	7.4
1982	2,660,940	11,774	5.9	6.4
1983	2,833,184	12,862	6.5	9.2
1984	3,101,402	13,690	9.5	6.4
1985	3,310,545	14,558	6.7	6.3
1983				
1st Q ..	2,747,018	12,541	5.5	9.2
2nd Q ..	2,807,173	12,717	6.1	8.9
3rd Q ..	2,841,157	12,812	6.3	7.5
4th Q ..	2,937,388	13,377	8.0	11.3
1984				
1st Q ..	3,024,888	13,409	10.1	6.9
2nd Q ..	3,067,203	13,649	9.3	7.3
3rd Q ..	3,130,640	13,800	10.2	7.7
4th Q ..	3,182,876	13,903	8.4	3.9
1985				
1st Q ..	3,247,811	14,232	7.4	6.1
2nd Q ..	3,294,856	14,412	7.4	5.6
3rd Q ..	3,319,861	14,627	6.0	6.0
4th Q ..	3,379,652	14,962	6.2	7.6
1986:				
1st Q ..	3,430,034	15,154	5.6	6.5
2nd Q ..	3,479,582	15,313	5.6	6.3

1/ Quarterly income seasonally adjusted at annual rates.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated October 1986.

Table 3-2.-- PER CAPITA PERSONAL AND DISPOSABLE PERSONAL INCOME, FOR HAWAII: 1969 TO 1985

Year	Per capita personal income (dollars)		Per capita personal income as percent of U.S. average	
	Total	Disposable	Total	Disposable
1969	4,426	3,707	116	115
1970	4,960	4,191	122	120
1971	5,147	4,405	120	118
1972	5,487	4,632	118	116
1973	5,922	5,008	114	112
1974	6,674	5,685	118	117
1975	7,067	6,162	116	117
1976	7,510	6,507	113	113
1977	7,896	6,801	108	109
1978	8,671	7,435	107	107
1979	9,518	8,124	105	106
1980	10,648	9,089	107	108
1981	11,287	9,607	103	104
1982	11,799	10,265	103	106
1983	12,616	10,861	104	105
1984	13,199	11,508	101	102
1985	13,814	11,963	100	101

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated August 1986.

Table 3-3.-- PERSONAL INCOME BY MAJOR SOURCES: 1980, 1985, and 1986

[In millions of dollars and percent]

Item	1980	1985	II Q 1986	Average annual growth rates	
				1980-85	II Q 1985-86
By type:					
Wage and salary disbursements	6,674	9,209	9,600	6.6	6.1
Other labor income	516	817	866	10.1	7.4
Proprietors income	851	1,003	1,072	2.7	8.2
Farm	246	115	85	-14.3	-28.0
Nonfarm	606	888	987	7.7	13.1
By industry:					
Farm	391	268	242	-7.7	-10.7
Nonfarm	7,650	10,760	11,356	7.0	6.9
Private	5,288	7,287	7,756	6.4	7.9
Construction	627	686	730	-0.1	11.1
Manufacturing	434	505	530	2.8	5.8
Transp., comm., utilities	706	909	949	5.2	5.4
Trade	1,218	1,703	1,765	6.8	4.3
Finance, insur., real est.	584	742	851	3.8	16.9
Services	1,659	2,701	2,930	10.8	8.2
Government and govt. enterpr.	2,361	3,473	3,599	8.4	4.6
Federal, civilian	667	969	975	8.5	0.3
Federal military	817	1,312	1,349	10.3	4.1
State and local	878	1,193	1,275	6.5	8.7
Derivation of personal income					
Total earnings	8,041	11,029	11,598	6.4	6.4
Less: Personal contributions for social insurance	439	719	764	10.2	7.3
Net earnings	7,602	10,310	10,834	6.2	6.4
Plus: Dividends, interest, and rent	1,367	2,161	2,277	10.8	5.7
Plus: Transfer payments	1,341	2,087	2,202	9.8	6.3
Personal income	10,310	14,558	15,313	7.3	6.3

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated October 1986.

Table 3-4.-- CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U) FOR SELECTED ITEMS, FOR HONOLULU AND THE U.S. CITY AVERAGE: 1981 TO 1986

[1967=100]

Month and year	All items	Food & beverages	Housing 1/	Apparel and upkeep	Transportation	Medical care
Honolulu:						
1981	252.4	275.4	240.3	193.4	247.1	289.4
1982	267.6	288.3	255.0	201.5	255.6	324.3
1983	273.5	296.0	257.5	207.7	253.7	357.6
1984	284.8	308.2	268.2	205.1	265.7	379.7
1985	294.1	320.6	275.8	203.9	270.9	400.6
1986: February	301.2	323.5	282.1	206.1	279.3	424.6
April	299.0	321.0	281.3	205.5	270.1	426.0
June	299.2	327.5	278.9	197.4	271.7	428.8
August	301.5	326.3	284.8	203.4	268.1	441.0
U.S. city avg.:						
1981	272.4	267.3	293.5	186.9	280.0	294.5
1982	289.1	278.2	314.7	191.8	291.5	328.7
1983	298.4	284.4	323.1	196.5	298.4	357.3
1984	311.1	295.1	336.5	200.2	311.7	379.5
1985	322.2	302.0	349.9	206.0	319.9	403.1
1986: February	327.5	307.7	356.5	204.1	319.2	422.3
April	325.3	308.5	358.0	207.3	303.3	428.0
June	327.9	309.5	361.2	204.5	308.6	432.0
August	328.6	(NA)	(NA)	(NA)	(NA)	(NA)
Percent increase (Honolulu):						
1981 to 1982	6.0	4.7	6.1	4.2	3.4	12.1
1982 to 1983	2.2	2.7	1.0	3.1	-0.7	10.3
1983 to 1984	4.1	4.1	4.2	-1.3	4.7	6.2
1984 to 1985	3.3	4.0	2.8	-0.6	2.0	5.5
1985 to 1986 August	2.5	2.0	3.8	-0.3	-1.3	8.0

NA Not available.

1/ Change in calculation in 1983 -- housing costs measured in rental equivalence (what owners would have to pay if they rented their homes).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

4. EMPLOYMENT

Total job estimates for the first nine months of 1986 indicate trends similar to the previous two years when total jobs increase 2 percent annually. By industry, the construction sector showed continued improvement. Despite the 15 percent increase in visitor arrivals so far this year (see Section 6), the hotel industry registered a 0.7 percent decline in jobs. However, there are indications that the 1985 and 1986 estimates of jobs may be underestimated.

Current estimates for 1985 and 1986 are prepared by the Department of Labor and Industrial Relations based on a monthly survey of 1,700 employers in nonagricultural industries. The estimates are later adjusted to totals from the Unemployment Insurance system (ES-202) which includes approximately 22,000 employers subject to the Hawaii Employment Security Law.

The 1985 ES-202 totals show higher levels of jobs in the construction and hotel industries compared to the survey totals. Construction jobs rose to 17,200 compared to the survey results of 16,950 and hotel jobs increased 2.4 percent from 1984 to 1985 as opposited to a 0.7 percent decline. The 1985 estimates of jobs by industry therefore will probable be revised later to incorporate these results and if the trends continue, 1986 estimates will also show higher levels of employment.

Figure 4-1

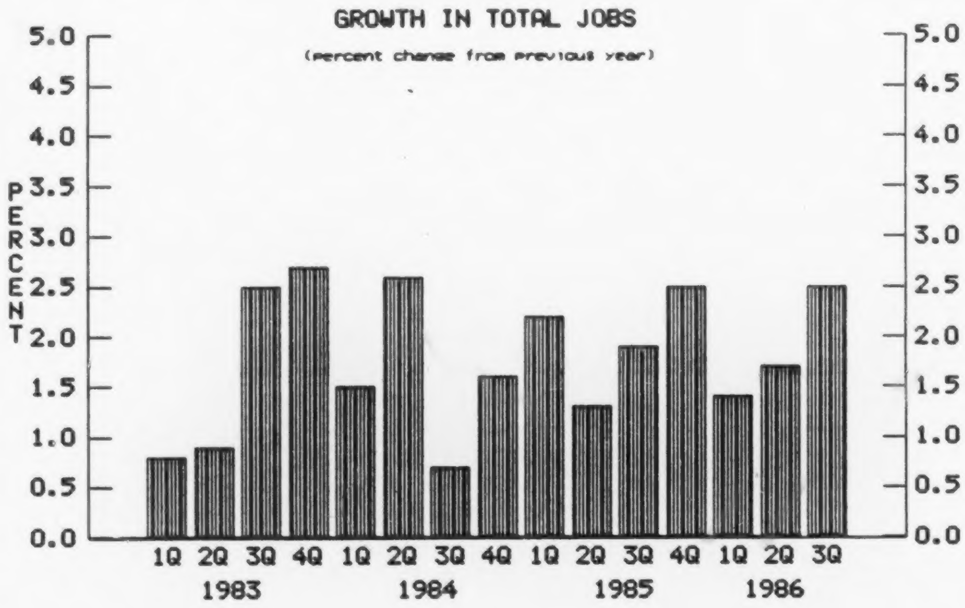

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Table 4-1.-- TOTAL JOBS, HAWAII: 1980 TO 1986

Year	Total jobs 1/	Nonagriculture			Agriculture			Labor disputes
		Total	Wage & salary	Self-employed	Total	Wage & salary	Self-employed	
1980	448,150	432,400	404,100	28,300	15,250	10,650	4,600	500
1981	449,900	433,950	404,800	29,150	15,900	11,550	4,350	50
1982	446,050	430,700	399,400	31,300	15,250	11,300	3,950	100
1983	453,750	438,500	406,200	32,300	15,100	11,200	3,900	150
1984	461,000	446,100	412,650	33,450	14,450	10,800	3,650	450
1985	470,000	456,100	423,100	32,900	13,900	10,400	3,500	100
1986 2/ ...	477,150	462,850	428,950	33,900	14,200	11,150	3,050	100
1985 (p):								
1st Q ...	466,400	453,000	420,450	32,550	13,150	9,800	3,350	250
2nd Q ...	469,450	455,400	422,950	32,450	13,900	10,500	3,400	150
3rd Q ...	469,000	454,000	422,200	31,800	15,000	11,250	3,750	-
4th Q ...	475,400	461,750	426,900	34,850	13,600	10,150	3,450	50
1986 (p):								
1st Q ..	473,100	459,850	427,650	32,200	13,200	10,150	3,050	50
2nd Q ..	477,700	463,350	429,600	33,750	14,200	11,300	2,900	100
3rd Q ..	480,600	465,350	429,550	35,800	15,200	12,000	3,200	100
	Percent change from the same period in previous year							
1980	3.2	3.4	2.6	16.2	1.0	0.5	2.2	-28.6
1981	0.3	0.4	0.2	3.0	2.9	8.4	-5.4	-90.0
1982	-0.9	-0.7	-1.3	7.4	-3.8	-2.2	-9.2	100.0
1983	1.7	1.8	1.7	3.2	-1.3	-0.9	-1.3	50.0
1984	2.0	1.7	1.6	3.6	-4.0	-3.6	-6.4	211.1
1985	2.0	2.2	2.5	-1.6	-3.8	-3.7	-4.1	-77.8
1986 2/ ...	1.9	1.9	1.7	5.0	1.3	6.0	-12.8	-55.9
1985 (p):								
1st Q ...	2.2	2.3	2.6	-1.3	-7.5	1.9	-9.9	66.7
2nd Q ...	1.3	1.5	2.0	-4.9	-8.2	-5.0	-5.5	(X)
3rd Q ...	1.9	2.0	2.9	-6.3	-11.0	-5.9	-3.4	0.0
4th Q ...	2.5	3.0	2.7	6.3	-2.9	-4.4	1.5	-96.3
1986 (p):								
1st Q ...	1.4	1.5	1.7	-1.1	0.4	3.6	-9.0	-80.0
2nd Q ...	1.7	1.7	1.6	4.0	2.2	7.6	-14.7	-33.3
3rd Q ...	2.5	2.5	1.7	12.6	1.3	6.7	-14.7	(X)

p Preliminary.
X Not calculated -- data in base period equaled zero.
1/ Total of wage and salary jobs and self-employed in agricultural and nonagricultural industries plus those jobs involved in labor disputes.
2/ January to September.
Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-2.-- NUMBER OF JOBS, BY INDUSTRY, HAWAII: 1985 and 1986

Series	1985	Jan-Sept 1986	Percent change from previous year	
			1985	Jan-Sept 1986
Total jobs 1/	470,000	477,150	2.0	1.9
Nonagricultural (wage & salary)	423,100	428,950	2.5	1.7
Construction	16,950	17,200	7.3	2.2
Manufacturing	21,850	21,950	-0.2	0.2
Food processing	9,950	9,950	-7.4	-1.0
Transp., commun., utilities	33,350	34,050	4.4	2.8
Trade	115,500	117,150	3.7	1.8
Wholesale	19,500	19,650	2.9	0.9
Retail	96,000	97,550	3.8	2.0
Finance, insur., & real estate	32,000	32,500	0.5	1.7
Services	110,200	112,650	2.1	2.5
Hotels	28,050	27,850	-0.7	-1.1
Government	93,300	93,450	1.6	0.4
Federal	32,400	32,050	0.9	-0.9
State	47,400	48,150	1.8	2.7
Local	13,500	13,200	2.3	-4.1
Agriculture (wage & salary)	10,400	11,150	-3.7	6.0
Sugar	4,100	4,050	-4.7	-1.4
Pineapple	1,950	2,100	-7.1	3.0
Diversified agriculture	4,350	5,000	-1.1	14.2
Nonagricultural self-employed 2/	32,900	33,900	-1.6	5.0
Agricultural self-employed 2/	3,500	3,050	-4.1	-12.8
Labor disputes	100	100	-77.8	-55.9

1/ Total of nonagricultural and agricultural wage and salary, self-employed, and jobs involved in labor disputes.

2/ Self-employed includes unpaid family workers and domestics.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-3.-- NON-AGRICULTURAL WAGE AND SALARY JOBS, BY COUNTY: 1980 TO 1986

Year	State	City & County of Honolulu	Hawaii County	Kauai County	Maui County
1980	404,100	333,050	28,450	15,150	27,500
1981	404,800	332,300	28,850	15,200	28,450
1982	399,400	325,700	28,700	15,150	29,900
1983	406,200	330,100	29,350	15,700	31,050
1984	412,650	334,400	30,400	15,700	32,150
1985	423,100	340,800	32,000	16,250	34,100
1986(Jan-Sept)	428,950	345,400	32,450	16,800	34,300
1985:					
1st Q	420,450	337,700	32,100	16,350	34,250
2nd Q	422,950	341,100	31,750	16,100	34,000
3rd Q	422,200	340,100	31,950	16,200	33,950
4th Q	426,900	344,200	32,150	16,350	34,200
1986 (p):					
1st Q	427,650	344,950	32,400	16,400	33,900
2nd Q	429,600	346,150	32,400	16,900	34,200
3rd Q	429,550	345,150	32,550	17,050	34,750
	Percent change from same period in previous year				
1980	2.6	2.2	2.9	6.1	4.3
1981	0.2	-0.2	1.4	0.6	3.5
1982	-1.3	-2.0	-0.5	-0.6	5.0
1983	1.7	1.4	2.3	3.9	4.0
1984	1.6	1.3	3.6	0.1	3.5
1985	2.5	1.9	5.2	3.4	6.0
1986(Jan-Sept)	1.7	1.7	1.6	3.5	0.7
1985:					
1st Q	2.6	1.4	7.5	4.8	9.1
2nd Q	2.0	1.4	5.0	1.9	5.9
3rd Q	2.9	2.6	4.2	2.6	4.5
4th Q	2.7	2.3	4.2	4.2	4.6
1986 (p):					
1st Q	1.7	2.1	0.8	0.2	-1.0
2nd Q	1.6	1.5	2.1	5.0	0.6
3rd Q	1.7	1.5	1.9	5.2	2.4

p Preliminary.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-4.-- CIVILIAN LABOR FORCE AND EMPLOYMENT, BY COUNTY: 1980 TO 1986

[Number of persons]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian labor force:					
1980	440,000	338,350	43,550	19,550	37,550
1981	451,000	345,700	45,450	20,100	39,800
1982	461,000	350,100	47,200	20,850	42,900
1983	472,000	357,150	48,350	21,650	44,850
1984	472,000	357,100	48,650	21,300	44,950
1985	481,000	361,800	50,600	21,800	46,850
1986 (Jan-Sept.)	494,750	372,050	52,200	22,800	47,700
1985: 1st Q	477,650	358,600	50,500	21,800	46,750
2nd Q	481,250	362,450	50,300	21,650	46,850
3rd Q	481,050	361,100	50,950	21,850	47,150
4th Q	484,050	364,950	50,600	21,850	46,650
1986: 1st Q	488,050	368,100	51,100	22,100	46,750
2nd Q	501,000	376,700	53,050	23,200	48,100
3rd Q	495,200	371,300	52,500	23,050	48,350
Civilian employment:					
1980	418,000	322,800	40,850	18,700	35,650
1981	427,000	328,500	42,150	18,900	37,450
1982	430,000	330,550	41,050	19,550	38,850
1983	442,000	336,550	44,050	20,000	41,450
1984	445,000	338,050	44,900	19,800	42,250
1985	454,000	343,300	46,300	20,300	44,100
1986 (Jan-Sept)	468,550	354,550	47,850	21,250	44,900
1985: 1st Q	450,650	340,050	46,350	20,300	43,950
2nd Q	453,000	343,100	45,650	20,050	44,150
3rd Q	453,450	342,350	46,500	20,300	44,300
4th Q	458,900	347,750	46,750	20,500	43,900
1986: 1st Q	460,050	349,600	46,700	20,300	43,500
2nd Q	473,550	358,500	48,200	21,600	45,250
3rd Q	472,000	355,500	48,700	21,800	46,000

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-5.-- CIVILIAN UNEMPLOYED AND UNEMPLOYMENT RATE, BY COUNTY: 1980 TO 1986

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian unemployed (persons):					
1980	21,000	15,550	2,700	850	1,900
1981	24,000	17,150	3,300	1,150	2,350
1982	31,000	21,500	4,500	1,700	3,300
1983	30,000	20,600	4,300	1,650	3,400
1984	27,000	19,100	3,750	1,500	2,700
1985	27,000	18,500	4,300	1,500	2,750
1986 (Jan-Sept)	26,200	17,500	4,350	1,550	2,800
1985: 1st Q	27,000	18,550	4,150	1,450	2,800
2nd Q	28,250	19,350	4,650	1,600	2,700
3rd Q	27,600	18,750	4,450	1,550	2,850
4th Q	25,150	17,250	3,850	1,350	2,700
1986: 1st Q	27,950	18,500	4,400	1,800	3,250
2nd Q	27,450	18,150	4,850	1,600	2,850
3rd Q	23,250	15,850	3,800	1,300	2,350
Unemployment rate (percent):					
1980	4.9	4.6	6.2	4.3	5.1
1981	5.4	5.0	7.3	5.8	5.9
1982	6.7	6.1	9.5	8.1	7.7
1983	6.5	5.8	8.9	7.7	7.6
1984	5.6	5.3	7.7	7.0	6.0
1985	5.6	5.1	8.5	6.8	5.9
1986 (Jan-Sept)	5.3	4.7	8.3	6.9	5.9
1985: 1st Q	5.6	5.2	8.2	6.7	6.0
2nd Q	5.9	5.3	9.2	7.4	5.7
3rd Q	5.7	5.2	8.7	7.1	6.0
4th Q	5.2	4.7	7.6	6.2	5.8
1986: 1st Q	5.7	5.0	8.6	8.2	7.0
2nd Q	5.5	4.8	9.1	6.9	5.9
3rd Q	4.7	4.3	7.2	5.6	4.9

Source: Hawaii State Department of Labor and Industrial Relations.

5. BUSINESS ACTIVITY

Business activity, measured by the volume of taxable transactions subject to State excise and use taxes, increased 8.4 percent for the first 8 months of 1986 compared to the 3.1 percent growth for all of 1985. Growth for this year was augmented by substantial gains during the third quarter (only July and August data available) when the major categories advanced by over 10 percent from the previous year. The increase can be attributed to the rebound of the construction industry (see section 7) as well as growth in the visitor related industries such as retailing, services and rental industries.

Tax collections accrued to the state general fund from January to September totalled $1,118 million, which is $113.8 million or 11.3 percent more than the same period last year.

Figure 5-1

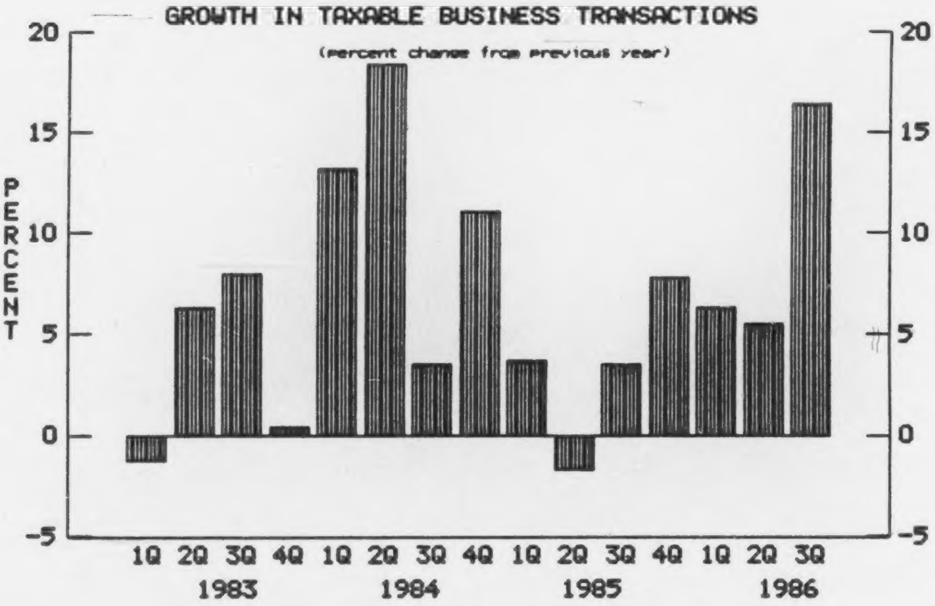

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Table 5-1.-- VALUE OF BUSINESS TRANSACTIONS SUBJECT TO STATE EXCISE AND USE TAX: 1980 TO 1986

[Millions of dollars]

Year	Total taxable transactions	Selected industry transactions				
		Retailing	Services	Hotel rental	Diversified agriculture	Manufacturing
1980	18,966.2	6,075.5	1,750.1	720.7	141.3	620.1
1981	20,903.8	6,690.7	1,792.1	759.4	173.3	615.9
1982	20,722.1	7,043.6	1,976.2	875.5	176.8	544.3
1983	21,416.8	7,458.8	2,128.5	858.2	221.6	502.3
1984	23,879.9	8,182.7	2,396.1	1,008.6	257.6	530.1
1985	24,630.3	8,605.2	2,529.7	1,153.4	251.6	538.3
1986 (Jan-Aug.)	17,609.6	6,228.1	1,826.6	827.1	167.5	372.7
1985: 1st Q .	6,036.5	2,098.4	590.2	337.2	70.8	111.8
2nd Q .	6,414.8	2,239.9	669.8	289.6	64.5	144.3
3rd Q .	6,007.0	2,094.0	625.0	276.1	56.3	140.3
4th Q .	6,172.0	2,172.9	644.7	250.5	60.0	141.8
1986: 1st Q .	6,416.5	2,301.8	653.6	280.9	64.3	130.4
2nd Q .	6,767.3	2,403.1	706.9	362.4	62.0	152.3
July-Aug.	4,425.8	1,523.2	466.1	183.8	41.2	90.9
	Percent change from same period in previous year					
1981	10.2	10.1	2.4	5.4	22.6	-0.7
1982	3.4	5.3	10.3	15.3	2.0	-11.6
1983	-0.9	5.9	7.7	-2.0	25.3	-7.7
1984	11.5	9.7	12.6	17.5	16.2	5.5
1985	3.1	5.2	5.6	14.4	-2.4	1.5
1986 (Jan-Aug.)	8.4	9.6	9.8	4.3	-2.5	8.0
1985: 1st Q .	3.7	5.9	8.3	40.7	17.9	-11.4
2nd Q .	-1.7	2.7	1.2	-9.1	-6.9	-25.5
3rd Q .	3.5	4.8	3.0	16.4	-4.1	7.5
4th Q .	7.8	7.5	12.6	17.6	-13.7	18.1
1986: 1st Q .	6.3	9.7	10.7	-16.7	-9.1	16.6
2nd Q .	5.5	7.3	5.5	25.1	-4.0	5.5
July-Aug.	16.4	13.2	15.6	10.4	12.9	1.1

Note: This series derived by lagging reported excise tax base data one month to adjust for reporting delay.

Source: Hawaii State Department of Planning and Economic Development based on raw data from Hawaii State Department of Taxation.

Table 5-2.-- COLLECTIONS OF KEY STATE TAXES AND GENERAL FUND TAX REVENUES: CALENDAR YEARS 1982 TO 1986

[Thousands of dollars]

Year	General excise and use tax	Net individual income tax 1/	Net corporate income tax 2/	Tax revenues distributed to State General Fund 3/
1982	574,590	296,757	34,785	1,011,465
1983	615,536	358,072	27,960	1,109,876
1984	669,805	413,885	39,681	1,240,352
1985	707,380	450,559	44,074	1,325,791
1986 (Jan-Sept).	590,343	354,634	39,841	1,117,898
1985: 1st Q	174,054	108,567	7,522	315,085
2nd Q	178,697	100,301	21,903	344,413
3rd Q	176,769	125,692	11,552	344,675
4th Q	177,860	115,999	3,097	321,618
1986: 1st Q	192,020	125,668	7,783	347,122
2nd Q	200,048	99,847	17,157	393,177
3rd Q	198,275	129,119	14,901	377,599
	Percent change from corresponding period in previous year			
1982	-0.1	-15.1	-20.2	-5.5
1983	7.1	20.7	-19.6	9.7
1984	8.8	15.6	41.9	11.8
1985	5.6	8.9	11.1	6.9
1986 (Jan-Sept).	11.5	6.0	-2.8	11.3
1985: 1st Q	5.4	-3.2	-21.6	7.4
2nd Q	2.8	23.3	49.2	9.8
3rd Q	6.7	12.3	10.7	8.6
4th Q	7.6	7.0	-37.7	1.8
1986: 1st Q	10.3	15.8	3.5	10.2
2nd Q	11.9	-0.5	-21.7	14.2
3rd Q	12.6	2.7	29.0	9.6

Note: This series represents data as reported by the Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

3/ Excludes non-tax sources.

Source: Hawaii State Department of Taxation.

Table 5-3.-- DEFENSE EXPENDITURES IN HAWAII, BY SERVICE: 1980 TO 1986

[Millions of dollars]

Year or quarter	Total	Navy and Marine 1/	Army	Air Force	Coast Guard
1980	1,317.4	711.3	441.8	141.7	22.7
1981	1,449.3	770.4	493.8	158.3	26.7
1982	1,693.4	878.2	611.5	173.7	29.9
1983	1,848.2	935.9	702.7	182.6	27.0
1984	1,867.2	948.2	685.2	207.6	26.2
1985	1,965.4	955.3	780.4	201.0	28.7
1985: 1st Q ..	465.8	226.1	180.0	52.9	6.9
2nd Q ..	538.6	253.3	225.4	52.4	7.5
3rd Q ..	477.8	227.2	191.4	52.3	6.9
4th Q ..	483.2	248.7	183.6	43.5	7.5
1986: 1st Q ..	453.1	221.1	176.1	48.9	7.1
2nd Q ..	448.7	229.1	159.5	52.0	8.1
	Percent change from corresponding quarter in previous year				
1980	7.8	11.0	2.8	9.6	2.7
1981	10.0	8.3	11.8	11.7	17.6
1982	16.8	14.0	23.8	9.7	12.0
1983	9.1	6.6	14.9	5.1	-9.7
1984	1.0	1.3	-2.5	13.7	-2.7
1985	5.3	0.7	13.9	-3.1	9.6
1985: 1st Q ..	1.0	-4.8	10.3	-2.1	3.9
2nd Q ..	16.2	7.3	33.0	2.0	13.7
3rd Q ..	3.9	-4.1	15.4	2.8	13.1
4th Q ..	0.1	4.6	-1.7	-15.2	8.5
1986: 1st Q ..	-2.7	-2.2	-2.2	-7.6	3.8
2nd Q ..	-16.7	-9.6	-29.2	-0.8	7.6

1/ Since December 1985, Navy data partly estimated due to change in reporting method.

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DPED.

Table 5-4.-- VALUE OF PROCESSED SUGAR AND CANNED PINEAPPLE SUBJECT TO STATE EXCISE TAX: 1980 TO 1986

Year	Value of shipments 1/ (millions of dollars)		Percent change from same period in previous year	
	Sugar processing 2/	Pineapple canning 3/	Sugar processing	Pineapple canning
1980	545.3	190.9	85.4	9.6
1981	392.5	169.8	-28.0	-11.1
1982	336.3	189.3	-14.3	11.5
1983	421.5	174.2	25.3	-8.0
1984	427.2	213.3	1.4	22.4
1985	355.7	100.1	-16.7	-53.1
1984:				
1st Q	90.1	53.6	-14.9	64.4
2nd Q	114.4	47.8	14.5	18.3
3rd Q	131.0	52.5	-3.8	3.0
4th Q	91.7	59.5	15.4	18.4
1985:				
1st Q	84.6	35.4	-6.1	-34.0
2nd Q	87.5	32.7	-23.5	-31.5
3rd Q	107.3	15.8	-18.3	(NC)
4th Q	76.3	16.1	-16.8	(NC)
1986:				
1st Q	102.7	16.3	21.5	(NC)
2nd Q	65.8	(NA)	-24.8	(NC)
July-Aug. .	76.2	(NA)	6.6	(NC)

NA Not available.

Note: These data are compiled for excise tax purposes and, for various reasons, differ from annual figures in table 8-1, prepared by the Hawaii State Department of Agriculture. These are, however, the only data related to the value of sugar and pineapple that are available on a monthly or quarterly basis.

NC Not comparable.

1/ Processed sugar and canned pineapple are taxed at the time the products leave factory inventories rather than at the time of actual sale.

2/ Includes value of molasses.

3/ Since August 1, 1985, excludes a major portion of the value of exported pineapple canning.

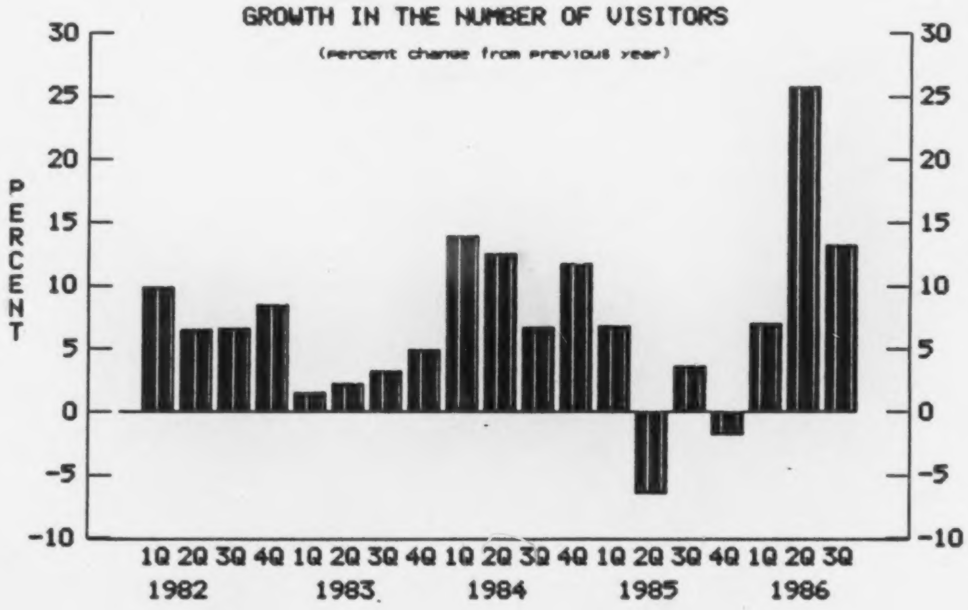
Source: Hawaii State Department of Taxation.

6. THE VISITOR INDUSTRY

The boom in tourism continued in the third quarter and a record 4.2 million visitors arriving during the first nine months of 1986. The 14.9 percent increase in visitors this year is due in part to the United Airlines pilot strike in 1985 which lower the visitor count during the second quarter. In addition, the lower value of the U.S. dollar has attracted more travellers from Japan. Eastbound traffic increased 18.6 percent during the third quarter and posted a 12.5 percent gain from January to September of last year.

By counties, Kauai continues to outpace the other counties in the growth of visitor, 21.8 percent for the first three quarters of the year, approximately double the rate of the other counties.

Figure 6-1



GROWTH IN THE NUMBER OF VISITORS

(percent change from previous year)

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Table 6-1.-- VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS, HAWAII: 1980 TO 1986

	Visitors staying overnight or longer			Average daily visitor census	
Year 1/	Total	Westbound 2/	Eastbound 3/	Westbound 2/	All
1980	3,934,504	3,046,132	888,372	86,788	96,497
1981	3,934,623	2,974,791	959,832	85,449	95,968
1982	4,242,925	3,278,525	964,400	94,740	105,310
1983	4,368,105	3,396,115	971,990	97,390	108,040
1984	4,855,580	3,721,380	1,134,200	106,260	118,660
1985	4,884,110	3,708,610	1,175,500	103,820	116,700
1986 (Jan-Sept)	4,247,940	3,248,740	999,200	119,540	136,010
1985: 1st Q ...	1,301,480	1,011,810	289,670	119,790	132,660
2nd Q ...	1,129,550	840,150	289,400	89,510	102,230
3rd Q ...	1,266,910	957,790	309,120	103,620	117,060
4th Q ...	1,186,170	898,860	287,310	101,000	113,490
1986: 1st Q ...	1,393,170	1,087,640	305,530	127,060	142,340
2nd Q ...	1,421,160	1,094,260	326,900	118,390	134,560
3rd Q ...	1,433,610	1,066,840	366,770	113,330	131,270
	Percent change from corresponding period in previous year				
1980	-0.7	-3.0	8.2	-3.2	-2.2
1981	0.0	-2.3	8.0	-1.5	-0.5
1982	7.8	10.2	0.5	10.9	9.7
1983	3.0	3.6	0.8	2.8	2.6
1984	11.2	9.6	16.7	9.1	9.8
1985	0.6	-0.3	3.6	-2.3	-1.7
1986 (Jan-Sept)	14.9	15.6	12.5	12.3	12.4
1985: 1st Q ...	6.8	6.0	9.6	2.7	3.6
2nd Q ...	-6.4	-9.0	2.0	-12.4	-11.1
3rd Q ...	3.6	3.8	3.0	0.3	0.6
4th Q ...	-1.8	-2.4	0.4	-1.9	-1.2
1986: 1st Q ...	7.0	7.5	5.5	6.1	7.3
2nd Q ...	25.8	30.2	13.0	32.3	31.6
3rd Q ...	13.2	11.4	18.6	9.4	12.1

1/ Beginning in 1984, sample size reduced from 20 to 10 percent and numbers rounded to the nearest 10.

2/ Arriving from the Mainland United States or Canada.

3/ Arriving from the Orient and Pacific areas.

Source: Hawaii Visitors Bureau.

Table 6-2.-- WESTBOUND VISITORS, BY COUNTY: 1981 TO 1986

Year 1/	City and County of Honolulu	Hawaii County	Maui County	Kauai County
1981	2,398,477	672,683	1,389,892	757,811
1982	2,589,190	678,170	1,550,080	733,295
1983	2,591,575	712,380	1,644,605	691,940
1984	2,901,320	760,940	1,854,690	814,590
1985	2,828,640	697,380	1,831,110	832,580
1986 (Jan-Sept)	2,410,980	587,620	1,531,990	768,290
1985: 1st Q	746,460	204,500	518,510	223,240
2nd Q	648,180	147,090	418,860	186,830
3rd Q	755,000	173,680	466,040	220,530
4th Q	679,000	172,110	427,700	201,980
1986: 1st Q	787,470	214,240	514,130	247,160
2nd Q	813,530	190,600	519,010	262,180
3rd Q	809,980	182,780	498,850	258,950
	Percent change from corresponding period in previous year			
1982	8.0	0.8	11.5	-3.2
1983	0.1	5.0	6.1	-5.6
1984	12.0	6.8	12.8	17.7
1985	-2.5	-8.4	-1.3	2.2
1986 (Jan-Sept)	12.2	11.9	9.2	21.8
1985: 1st Q	2.8	-4.5	6.8	8.5
2nd Q	-10.2	-18.3	-10.5	-7.4
3rd Q	2.4	-4.9	2.5	7.3
4th Q	-5.2	-6.5	-4.2	0.2
1986: 1st Q	5.5	4.8	-0.8	10.7
2nd Q	25.5	29.6	23.9	40.3
3rd Q	7.3	5.2	7.0	17.4

1/ Data prior to 1981 are not comparable to later figures due to revisions. Beginning in 1984, sample size changed from 20 to 10 percent.

Source: Hawaii Visitors Bureau.

Table 6-3.-- HOTEL OCCUPANCY RATES, BY AREA: 1980 TO 1986

[Percent; survey excludes some large hotel chains]

Date	State	Oahu	Hawaii Island	Maui Island	Kauai Island
Annual average:					
1980	69.3	72.3	52.7	66.2	69.6
1981	68.2	74.1	44.9	70.3	62.7
1982	70.4	77.8	44.0	73.9	57.5
1983	70.3	75.8	46.3	75.2	57.2
1984	76.0	81.2	55.6	80.5	63.0
1985	76.1	81.5	57.6	78.5	64.8
1986 (Jan-Aug.)	84.3	88.1	64.9	84.7	80.8
1985:					
January	84.0	91.9	64.4	82.2	65.0
February	92.9	95.4	83.3	95.3	85.2
March	87.1	89.7	71.7	91.2	84.0
April	73.4	75.3	56.4	82.5	65.3
May	67.4	70.7	46.3	74.8	60.5
June	66.3	75.8	38.9	62.9	53.2
July	76.3	84.8	53.8	71.1	66.0
August	82.1	86.7	64.5	83.8	72.9
September	67.6	75.1	45.3	70.2	58.2
October	74.3	77.8	60.4	78.8	63.0
November	75.9	81.4	59.1	78.3	61.7
December	67.4	75.1	50.8	66.3	50.0
1986:					
January	81.8	84.1	68.3	83.1	84.0
February	92.6	95.5	81.8	92.3	91.3
March	86.5	89.9	69.0	90.5	81.2
April	80.7	82.4	60.7	90.2	76.4
May	77.5	79.9	55.6	83.5	80.0
June	78.0	86.4	51.4	77.9	66.8
July	79.5	85.3	53.1	82.9	74.5
August	87.3	91.9	66.9	84.7	83.1

NA Not available.

Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

Table 6-4.-- VISITOR ACCOMMODATIONS IN HAWAII, BY TYPE: 1976 TO 1986

[As of February]

Year and island	Properties			Units		
	Total	Hotels 1/	Condominiums 2/	Total	Hotels 1/	Condominiums 2/
1976	314	(NA)	(NA)	42,648	(NA)	(NA)
1977	335	(NA)	(NA)	44,986	39,901	5,085
1978	353	(NA)	(NA)	47,070	40,001	7,069
1979	381	(NA)	(NA)	49,832	41,299	8,533
1980	387	(NA)	(NA)	54,246	42,609	11,637
1981	412	214	198	56,769	42,575	14,194
1982	417	208	209	57,968	43,568	14,400
1983	426	218	208	58,765	45,352	13,413
1984	443	209	234	62,448	44,846	17,602
1985	481	207	274	65,919	44,115	21,804
1986	523	201	322	66,308	43,309	22,999
ISLANDS: 1986						
Oahu	207	105	102	39,010	29,172	9,838
Waikiki 3/	177	88	89	34,650	25,920	8,730
Rest of Oahu	30	17	13	4,360	3,252	1,108
Other islands	316	96	220	27,298	14,137	13,161
Hawaii	81	31	50	7,280	5,228	2,052
Kauai	77	29	48	5,922	3,348	2,574
Maui	150	33	117	13,451	5,231	8,220
Molokai	7	2	5	635	320	315
Lanai	1	1	-	10	10	-

NA Not available.

1/ Hotels, apartment hotels, motels, and cottages. Excludes condominium properties.

2/ Condominium accommodations in rental pools for transient use.

3/ Includes Diamond Head and Kahala but not areas ewa and mauka (west and north) of the Ala Wai Canal. The 88 hotel properties include 61 hotels (with 24,733 units), 26 apartment hotels (with 1,175 units), and 1 cottage facility (with 12 units).

Source: Hawaii Visitors Bureau, Visitor Plant Inventory, 1976 to 1986.

Table 6-5.-- AVERAGE DAILY HOTEL ROOM RATES, BY ISLANDS: 1970 TO 1986

[Dollars]

Year	State	Oahu	Hawaii	Maui	Kauai
1970	25.74	(NA)	(NA)	(NA)	(NA)
1975	29.75	(NA)	(NA)	(NA)	(NA)
1976	29.54	26.70	30.52	37.61	34.51
1977	34.28	31.87	33.08	42.59	38.45
1978	38.56	35.90	36.70	47.86	42.25
1979	44.40	41.42	41.44	57.15	47.75
1980	47.37	42.70	46.40	61.34	55.16
1981	49.87	43.16	47.16	73.44	56.06
1982	51.78	44.80	47.37	75.02	58.48
1983	55.58	47.62	50.49	81.60	59.75
1984	59.25	49.45	57.17	88.89	65.05
1985	68.84	57.70	64.06	98.51	70.06
1986:(Jan-Aug.)	74.54	63.15	75.69	115.78	75.82
	Percent change from previous year				
1976	-0.7	(NA)	(NA)	(NA)	(NA)
1977	16.1	19.4	8.4	13.2	11.4
1978	12.5	12.7	10.9	12.4	9.9
1979	15.2	15.4	12.9	19.4	13.0
1980	6.7	3.1	12.0	7.3	15.5
1981	5.2	1.1	1.6	19.7	1.6
1982	3.8	3.8	0.4	2.2	4.3
1983	7.4	6.3	6.6	8.8	2.2
1984	6.6	3.8	13.2	8.9	8.9
1985	16.2	16.7	12.1	10.8	7.7
1986:(Jan-Aug.)	5.6	0.7	15.8	19.7	9.1

NA Not available.

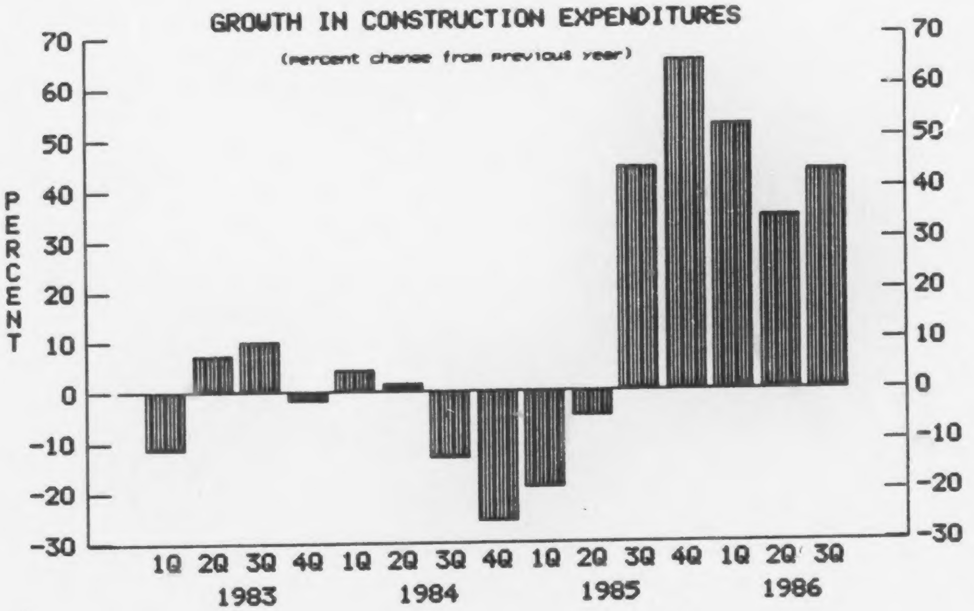
Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

7. CONSTRUCTION

Since the third quarter of 1985, the value of construction completed has recorded impressive gains compared to previous years. Private authorizations and government contracts awarded, indicators of future construction activity also show signs of continued recovery of the building industry. Despite the decrease in the value of residential permits so far this year, total private authorizations have increased 42.7 percent due to commercial and industrial and additions and alteration projects. In addition, public construction projects have increased substantially in all branches of government.

Some of the major projects authorized during the third quarter of 1986 include $94.6 million for the Hyatt Regency in Waikoloa, $11 million for improvements at Kapiolani Community College and $10.5 million for the Kalakaua Avenue Beautification Project.

Figure 7-1



GROWTH IN CONSTRUCTION EXPENDITURES

(percent change from previous year)

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Table 7-1.-- ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED, HAWAII: 1980 TO 1986

[Millions of dollars]

Year	Value of construction completed 1/	Private building authorizations				Government contracts awarded
		Total private authorization	Residential	Commercial and industrial 2/	Additions and alterations	
1980	1,569.7	1,219.2	680.2	331.5	207.5	230.6
1985	1,429.6	889.0	500.1	208.8	180.1	248.5
1986(Jan-Sept)3/	1,216.5	830.6	322.7	271.1	236.8	351.5
1985: 1st Q ..	268.6	196.1	130.0	30.1	35.9	52.1
2nd Q ..	347.4	226.9	158.3	25.4	43.1	51.4
3rd Q ..	428.7	219.5	120.6	52.4	46.6	65.3
4th Q ..	384.8	246.5	91.1	100.9	54.5	79.7
1986: 1st Q ..	409.5	244.8	124.6	69.4	50.8	79.8
2nd Q ..	467.6	220.8	94.3	65.4	61.1	114.1
3rd Q 3/	339.4	364.8	103.8	136.2	124.8	157.6
	Percent change from corresponding period in previous year					
1980	16.9	39.4	27.1	53.8	67.2	-40.7
1985	16.5	52.9	52.6	100.8	20.2	-39.6
1986(Jan-Sept)3/	42.7	29.4	-17.0	162.4	98.2	108.2
1985: 1st Q ..	-19.1	34.5	72.3	-6.7	-5.4	-20.9
2nd Q ..	-4.8	44.1	71.0	-14.7	23.4	-58.8
3rd Q ..	44.2	61.4	65.2	116.5	19.8	-22.4
4th Q ..	65.2	73.3	5.1	422.8	50.6	-41.8
1986: 1st Q ..	52.4	24.8	-4.2	130.6	41.5	53.1
2nd Q ..	34.6	-2.7	-40.4	157.5	41.8	121.9
3rd Q 3/	43.5	93.6	3.6	184.9	208.1	141.3

1/ Value of construction subject to State excise tax. Tax data adjusted to reflect reporting delay of about one month.

2/ Includes hotels.

3/ Excludes Maui County building authorizations for the third quarter and the value of construction completed for September. Percent computations based on comparable periods and coverage.

Source: Hawaii State Department of Taxation; County building departments; Trade Publishing Co., Building Industry Digest: BID Service Weekly; and First Hawaiian Bank.

Table 7-2.-- ESTIMATED VALUE OF PRIVATE BUILDING CONSTRUCTION AUTHORIZATIONS, BY COUNTY: 1980 TO 1986

[Millions of dollars]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	1,219.2	686.3	146.0	133.3	253.7
1981	802.0	454.1	136.5	67.7	143.7
1982	683.1	473.0	75.2	44.2	90.7
1983	685.2	366.8	86.7	140.5	91.3
1984	581.5	378.3	90.3	53.0	59.8
1985	889.0	524.8	121.3	63.9	178.9
1986(Jan-Sept)1/	830.6	490.4	199.7	77.3	63.2
1985: 1st Q ..	196.1	119.2	46.0	14.6	16.3
2nd Q ..	226.9	96.8	19.9	15.2	95.1
3rd Q ..	219.5	138.3	31.2	18.9	31.1
4th Q ..	246.5	170.6	24.2	15.2	36.5
1986: 1st Q ..	244.8	150.9	21.9	42.1	29.9
2nd Q ..	220.8	113.2	58.4	16.0	33.2
3rd Q 1/	364.8	226.4	119.3	19.2	(NA)
	Percent change from corresponding period in previous year				
1980	39.4	36.9	30.1	17.1	72.0
1981	-34.2	-33.8	-6.5	-49.2	-43.4
1982	-14.8	4.2	-44.9	-34.7	-35.0
1983	0.3	-22.4	15.3	217.5	0.6
1984	-15.1	3.1	4.3	-62.3	-34.4
1985	52.9	38.7	34.3	20.5	199.0
1986(Jan-Sept)1/	35.9	38.4	105.7	58.7	-43.3
1985: 1st Q ..	33.2	32.3	94.5	-9.5	2.4
2nd Q ..	44.1	-14.9	8.3	33.6	578.4
3rd Q ..	61.4	66.6	45.1	28.0	86.2
4th Q ..	73.3	86.5	-9.8	42.3	176.1
1986: 1st Q ..	24.8	26.6	-52.4	188.4	83.4
2nd Q ..	-2.7	16.9	193.5	5.3	-65.1
3rd Q 1/	93.6	63.7	282.4	1.2	(NA)

1/ Excludes Maui County building authorizations for the third quarter.

NA Not available.

Source: County building departments.

Table 7-3.-- ESTIMATED VALUE OF GOVERNMENT CONSTRUCTION CONTRACTS AWARDED IN HAWAII, BY AWARDING AGENCY: 1980 TO 1986

[Millions of dollars]

Year	Total	Federal	State	County
1980	230.6	66.5	120.0	44.1
1981	427.5	176.1	180.5	70.9
1982	392.7	139.6	182.0	71.2
1983	277.9	84.7	126.8	66.4
1984	411.8	130.0	196.7	85.1
1985	248.5	74.8	93.8	79.9
1986 (Jan-Sept) ..	351.5	57.7	187.1	106.7
1985: 1st Q	52.1	7.4	7.9	36.8
2nd Q	51.4	15.9	27.3	8.3
3rd Q	65.3	7.3	33.6	24.4
4th Q	79.7	44.2	25.0	10.4
1986: 1st Q	79.8	13.9	47.6	18.3
2nd Q	114.1	6.9	48.7	58.4
3rd Q	157.6	36.9	90.8	29.9
	Percent change from corresponding period in previous year			
1980	-40.7	-37.1	-45.7	-28.8
1981	85.4	164.8	50.5	60.6
1982	-8.1	-20.7	0.8	0.4
1983	-29.3	-39.3	-30.3	-6.7
1984	48.2	53.4	55.1	28.2
1985	-39.6	-42.4	-52.3	-6.2
1986 (Jan-Sept) ..	108.2	88.6	171.9	53.5
1985: 1st Q	-20.8	-14.3	-79.6	101.2
2nd Q	-58.8	-52.2	-65.1	-39.4
3rd Q	-22.4	23.7	-43.2	23.2
4th Q	-41.8	-46.2	17.4	-68.8
1986: 1st Q	53.1	87.3	500.6	-50.3
2nd Q	121.9	-56.6	78.9	603.6
3rd Q	141.3	405.5	170.2	22.5

Source: Trade Publishing Co., Building Industry Digest: BID Service Weekly and First Hawaiian Bank, Research Division.

Table 7-4.-- NUMBER OF SINGLE-FAMILY AND MULTI-FAMILY HOUSING UNITS AUTHORIZED BY COUNTY: 1980 TO 1986

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Single family units (including duplexes):					
1980	4,058	1,645	1,204	401	808
1981	2,649	728	1,048	409	464
1982	2,285	725	800	230	530
1983	3,417	1,627	938	291	561
1984	4,442	2,513	928	361	640
1985	4,951	2,436	1,046	453	1,016
1986 (Jan-Sept) 1/	3,225	1,587	861	320	451
1985: 1st Q	802	329	239	85	149
2nd Q	1,236	650	251	88	247
3rd Q	1,644	841	318	181	304
4th Q	1,269	616	238	99	316
1986: 1st Q	925	368	266	72	219
2nd Q	1,226	560	320	114	232
3rd Q 1/ .	1,074	659	281	134	(NA)
Multi-family units (3 or more units per structure):					
1980	6,603	3,297	727	766	1,813
1981	3,142	1,873	270	64	935
1982	4,594	4,109	245	118	122
1983	1,341	1,220	38	73	10
1984	1,021	829	153	35	4
1985	2,450	1,807	128	84	431
1986 (Jan-Sept) 1/	1,949	1,899	-	-	50
1985: 1st Q	1,151	976	124	44	7
2nd Q	696	316	-	-	380
3rd Q	291	217	-	40	34
4th Q	312	298	4	-	10
1986: 1st Q	1,247	1,207	-	-	40
2nd Q	299	289	-	-	10
3rd Q 1/ .	403	403	-	-	(NA)

NA Not available.
1/ Excludes Maui County building authorizations for the third quarter.
Source: County building departments.

Table 7-5.-- CONSTRUCTION EMPLOYMENT AND EARNINGS, FOR HAWAII: 1980 TO 1986

Year	Total jobs	Average weekly hours	Full-time equivalent jobs 1/	Insured unemployed persons 2/	% un-employed 3/	Average hourly earnings (in dollars)
1980	23,950	36.2	21,700	2,650	10.9	11.85
1981	21,900	36.2	19,800	3,500	15.0	13.13
1982	17,850	35.8	16,000	4,000	20.0	14.50
1983	17,800	37.2	16,500	2,850	14.7	15.80
1984	15,800	36.9	14,600	3,500	19.3	16.46
1985	16,950	36.5	15,450	(NA)	(NA)	17.14
1986(Jan-Sept)	17,200	37.3	16,050	(NA)	(NA)	17.31
1985: 1st Q .	16,000	36.8	14,700	(NA)	(NA)	16.75
2nd Q .	16,950	36.0	15,250	(NA)	(NA)	16.75
3rd Q .	17,500	37.7	16,500	(NA)	(NA)	17.13
4th Q .	17,350	35.7	15,500	(NA)	(NA)	17.90
1986: 1st Q .	16,800	37.5	15,750	(NA)	(NA)	17.25
2nd Q .	16,500	35.2	14,500	(NA)	(NA)	17.34
3rd Q .	18,250	39.1	17,850	(NA)	(NA)	17.33
	Percent change from corresponding period in previous year					
1980	2.4	0.6	3.1	55.9	-	7.2
1981	-8.6	0.0	-7.1	32.1	-	11.2
1982	-18.5	-1.1	-19.2	14.3	-	9.4
1983	-0.3	3.9	3.4	-28.7	-	9.0
1984	-11.2	-1.6	-11.5	22.8	-	4.2
1985	7.3	-1.1	5.8	-	-	4.1
1986(Jan-Sept)	2.2	1.3	3.7	-	-	2.6
1985: 1st Q .	-5.6	-3.4	-8.9	-	-	2.4
2nd Q .	0.0	0.6	0.7	-	-	1.2
3rd Q .	11.5	0.5	10.7	-	-	4.6
4th Q .	28.0	1.1	29.7	-	-	8.0
1986: 1st Q .	5.0	1.9	7.1	-	-	3.0
2nd Q .	-2.7	-2.2	-4.9	-	-	3.5
3rd Q .	4.3	3.7	8.2	-	-	1.2

NA Not available.

1/ Equivalent number of jobs if all workers had worked a 40-hour week.

2/ Since 1982, tabulations done once a week every quarter.

3/ Percent unemployed is defined as the ratio of insured persons to the total of insured unemployed and full-time equivalent jobs, expressed as a percent.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 7-6.-- HONOLULU CONSTRUCTION COST INDEXES: 1980 TO 1986

[1967=100]

Year 1/	Single-family residence			High-rise building		
	All components	Material prices	Labor 2/	All components	Material prices	Labor 2/
1980	283.2	263.8	307.8	290.1	270.5	307.1
1981	291.2	254.2	336.6	308.2	274.6	337.4
1982	304.7	250.6	373.0	330.3	281.4	372.8
1983	331.5	276.5	400.9	352.1	294.6	402.0
1984	348.2	281.4	432.5	367.2	294.5	430.2
1985	357.6	286.7	447.1	375.2	295.8	444.0
1985: March	352.6	281.8	442.0	370.1	291.5	438.3
June	356.3	288.4	442.0	373.1	297.0	439.1
Sept.	364.5	291.1	457.1	382.5	299.5	454.4
Dec.	363.0	287.5	458.3	381.1	295.7	455.1
1986: March	365.4	290.3	460.0	384.4	301.4	456.3
June	368.9	296.7	460.0	384.4	301.4	456.3
Sept.	374.9	297.7	472.2	392.4	303.5	469.6
	Percent change from corresponding period in previous year					
1980	6.4	6.2	6.6	9.8	13.8	6.8
1981	2.8	-3.6	9.4	6.3	1.5	9.9
1982	4.6	-1.4	10.8	7.2	2.5	10.5
1983	8.8	10.3	7.5	6.6	4.7	7.8
1984	5.0	1.8	7.8	4.3	0.0	7.0
1985	2.7	1.9	3.4	2.2	0.4	3.2
1985: March	1.3	-0.4	2.8	0.7	-1.5	2.1
June	2.6	2.9	2.4	1.6	1.0	2.0
Sept.	3.5	3.4	3.6	3.3	2.0	4.1
Dec.	3.6	3.2	3.9	3.3	1.4	4.3
1986: March	3.6	3.0	4.1	3.9	3.4	4.1
June	3.5	2.9	4.1	3.0	1.5	3.9
Sept.	2.9	2.3	3.3	2.6	1.3	3.3

1/ Annual averages unless otherwise specified.
2/ Includes wages and benefits.
Source: First Hawaiian Bank, Research Division.

Table 8-1.-- RECENT ECONOMIC AND DEMOGRAPHIC TRENDS: STATE OF HAWAII

Series 1/	Unit	Period 2/	Number	Percent change from same period in previous year
Resident population	Persons	7/1/85	1,053,900	1.6
City and County of Honolulu	Persons	7/1/85	814,600	1.5
Hawaii County	Persons	7/1/85	109,200	1.9
Kauai County	Persons	7/1/85	44,800	1.4
Maui County	Persons	7/1/85	85,300	2.2
Personal income	$ Million	2nd Q	15,313	6.3
Consumer price index (Honolulu)				
All items	(1967=100)	August	301.5	2.5
Food prices	(1967=100)	August	326.3	2.0
Construction				
Private permits 3/..............	$ Million	Jan-Sept	830.6	35.9
Residential permits	$ Million	Jan-Sept	322.7	-17.0
New single-family units	Number	Jan-Sept	3,225	-12.4
New multi-family units	Number	Jan-Sept	1,949	-8.8
Commercial & industrial	$ Million	Jan-Sept	271.1	162.4
Additions & alterations	$ Million	Jan-Sept	236.8	98.2
Government contracts awarded ...	$ Million	Jan-Sept	351.5	108.2
Construction cost indexes (Hon.)				
Single family	(1967=100)	Sept	374.9	2.9
High-rise buildings	(1967=100)	Sept	392.4	2.6
Employment				
Civilian labor force	Persons	Jan-Sept	494,750	3.1
Civilian employment	Persons	Jan-Sept	468,550	3.6
Civilian unemployment	Persons	Jan-Sept	26,200	-5.1
Unemployment rate	Percent	Jan-Sept	5.3	-
Total jobs	Number	Jan-Sept	477,150	1.9
Visitor industry				
Total visitors	Number	Jan-Sept	4,247,940	14.9
Westbound	Number	Jan-Sept	3,248,740	15.6
Eastbound	Number	Jan-Sept	999,200	12.5
Visitor expenditures	$ Million	1985	4,884	6.6
Hotel units	Number	February	66,308	0.6
Defense expenditures	$ Million	2nd Q	448.7	-16.7
Sugar production	$ Million	1985	340.8	-13.3
Pineapple sales	$ Million	1985	222.5	-10.8

p Provisional estimates.
1/ Statewide data unless indicated otherwise.
2/ Data for 1986 unless otherwise noted.
3/ Excludes July-September data for Maui County.

S2090-2
5/11/87

Quarterly

Statistical & Economic Report

- The Economy: Recent Trends & Outlook
- Trends in Visitor Expenditures
- Statistical Tables

1st Quarter 1987

DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT

STATE OF HAWAII
1959

QUARTERLY STATISTICAL AND ECONOMIC REPORT
STATE OF HAWAII

First Quarter 1987

Research and Economic Analysis Division
Department of Planning and Economic Development
State of Hawaii

This quarterly report has been prepared by the Research and Economic Analysis Division of the State Department of Planning and Economic Development (DPED). It presents information and analysis concerning current statistical and economic trends affecting Hawaii. Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division will be happy to respond to any inquiries of a technical nature that readers may have (548-3062).

The report was prepared under the direction of Dr. Richard Y. P. Joun, Head, Research and Economic Analysis Division, by Robert Shore, Karen Yamashita, Sharon Nishi and Hamid Jahanmir. The cover was prepared by Stewart Wastell, illustrator in DPED's Planning Division. Graphics were through the DPED Economic Planning Information System Project.

This report has been cataloged as follows:

Hawaii. Dept. of Planning and Economic Development. Research and Economic Analysis Division
  Quarterly statistical and economic report - State of Hawaii.
Honolulu: June 1975-

  Quarterly.

  1. Hawaii-Statistics.
HA4007.H359

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1. The Economy - Recent Trends

A. Current Economic Conditions

More data are coming in on the performance of Hawaii's economy in 1986, and they indicate it was an even more robust year than first thought. In particular, Hawaii's Gross State Product (GSP) increased 4.0 percent in real terms last year, according to preliminary estimates. This is the sharpest increase in GSP since 1979.

Last year's 15 percent surge in tourism slowed in the first two months of 1987 to about a 7 percent increase in visitor arrivals from the same 1986 period. A slowing in the visitor growth rate was expected for 1987; but while this appears to be the case for westbound visitors, eastbound arrival rates are still showing considerable strength, up 19 percent in January and February.

The National economy seemed to be coasting during the first quarter of 1987, after a flurry of consumer buying activity in late 1986. The declining international value of the dollar appeared to have caused interest rates to show their first sign of increasing since 1984.

Hawaii's Economy

Evidence is mounting that 1986 was the strongest year for Hawaii economically, so far this decade. Preliminary estimates by DPED indicate that GSP totaled $17.8 billion in 1986, up from $16.7 billion in 1985. After taking into account inflation, this amounts to about a 4.0 percent real increase in the value of goods and services produced by Hawaii's economy in 1986. By comparison, U.S. Gross National Product (GNP) grew only 2.5 percent in real terms last year. The 1986 growth in Hawaii's GSP was the best since 1979 which also experienced a 4 percent real growth rate.

The primary engines of last year's growth were tourism and construction. The number of visitors to Hawaii increased almost 15 percent for the year with total visitor spending estimated at about $5.7 billion. Paralleling the upswing in tourism was a strong surge in construction expenditures which registered a 26 percent gain for 1986, as indicated by excise tax data. This was accompanied by a 10 percent increase in the number of construction jobs for the year.

Evidence of the boost to the State's economy in 1986 provided by these two industries is showing up in many other statistics besides GSP. Personal income in the State (in current dollars) increased 6.1 percent for the first three calendar quarters of 1986 compared to an average 5.5 percent growth nationally. Recent revisions in the State's 1986 jobcount now indicate a 2.6 percent growth in jobs from 1985, up from the originally reported 1.9 percent. Since the latest revisions finalized only the first six months of 1986 preliminary data, further revisions can be anticipated and may show even more gain in jobs for 1986. As Figure 1-1 indicates, the 1986 job growth represents a an increase of 12,250 jobs over 1985. Further upward revisions to the 1986 jobcount could bring total 1986 gains close to numbers experienced in 1979 and 1980 although, in percentage terms, increases in 1979 and 1980 will be hard to top.

Sizeable increases were also recorded for State tax collections in 1986. General excise and use tax collections increased 10.0 percent for the year followed closely by individual income tax receipts at 9.8 percent. Net corporation taxes increased 4.9 percent.

Not all areas of the State's economy, however, showed the vigor of tourism and construction in 1986. Defense spending in the State declined an estimated 10 percent last year. The primary cause of the decline was a 30 percent drop in defense spending for locally purchased goods and services. Defense expenditures on military and civilian pay declined about 2 percent in 1986. Much of the decline in local defense procurement was likely due to the onset of a periodic decline in the military's demand for construction. Federal contracts for construction, an important barometer of future federal construction activity, declined 42 percent in 1985, portending the decline in actual construction for 1986. Fortunately, substantial construction demand from other sources more than compensated for the lull in federal projects. Federal construction contracts showed a increase of 36 percent in 1986, indicating that local defense construction spending may bounce back this year.

Diversified agriculture also showed some weakness in 1986. While the value of sales, as indicated by excise tax receipts, declined a slight 0.3 percent, employment in diversified agriculture, including the self-employed, fell 7.4 percent below the 1985 level.

The returns received by Hawaii's sugar growers from the sale of raw sugar and molasses in 1986 totaled $360 million, according to the Hawaii Sugar Planters' Association. This represents an increase of 4.8 percent from the value of sugar and molasses sold in 1985. In addition to sugar and molasses sales, the industry earned $17 million from the sale of excess electricity to the electric utility companies, up 2 percent from 1985. In terms of employment, however, sugar growing and processing showed a decline of 3 percent in 1986 from the 1985 level.

Castle and Cooke, Inc., announced in late March that it may phase out sugar production at its 12,000-acre Waialua Plantation on the North Shore of Oahu over the next two years. Closure of the Waialua Plantation, which employs about 450 workers and accounts for 7 percent of the State's raw sugar production, will leave Amfac's Oahu Sugar in Waipahu as the only operating plantation on the Island.

Pineapple growing and processing showed a 4 percent increase in average employment for 1986. Pineapple harvested in 1986 increased 14 percent to 646,000 tons.

Diversified manufacturing in 1986 registered sales gains of over 6 percent, according to excise tax base data, and over 1 percent in employment. Almost all of the job growth was attributable to durable goods production which increased 4 percent. By contrast, jobs in food processing, the major nondurable manufacturing category, declined 6 percent.

Consumer prices, as measured by the Honolulu Consumer Price Index (CPI-U), advanced only 2.4 percent in 1986, the slowest rate since the recession year of 1983. Beginning in 1987, the CPI for Honolulu will be issued only twice a year, so it will be about August before any indication of consumer price changes for 1987 will be available (see Section 3).

Late last year, most local forecasters' expectations for 1987 visitor growth ranged from about 3 to 5 percent well below the 1986 growth rate, but with the likelihood that eastbound travel would show more strength than westbound travel. For January and February of this year, westbound travel increased 3 percent, consistent with the earlier expectations of slower growth in this market. However, eastbound tourism for the first two months of 1987 showed even more strength than forecasters had anticipated, with the total up 17 percent in the first two months. Only time will tell if this pace in eastbound travel can be sustained; but in the meantime, it has boosted the overall visitor count for the first two months of the year, almost 7 percent above the same 1985 period.

The U.S. Economy

The U.S. economy ended 1986 with a surge in consumer spending on big ticket items. The buying spree was probably prompted by changes in the new tax law that eliminate deductions for sales taxes paid beginning in 1987. The rise in spending in late 1986 was followed by a decline in early 1987, distorting such key barometers of national business activity as the Index of Leading Economic Indicators.

World oil prices, which fell dramatically during most of 1986 then rebounded in December and January, appeared to be settling down at around the $18 to $19 per barrel level at the end of the first quarter. This is roughly the target level for prices set by the Organization of Petroleum Exporting Countries (OPEC).

The decline in the international value of the dollar appeared to be causing interest rates to rise somewhat as the second quarter began and some intervention appeared to be needed to stablize the dollar's value with respect to the Japanese yen. Economists have been worried that excessive decline in the value of the dollar could accelerate U.S. inflation and interest rates, and undermine economic growth in such industrialized nations as Japan and Germany for whom the U.S. is a major export market. The dollar's declining value makes foreign goods more expensive to Americans, while simutaneously making U.S. goods and services considerably less expensive for foreigners. Undoubtedly, the prime reason for recent increases in foreign tourism and investment in Hawaii has been the decline of the dollar over the past two years.

B. Outlook for Hawaii and the Nation

The modest but stable growth of the U.S. economy over the past several years has helped hold inflation and interest rates to their lowest levels in many years. These conditions and the lower value of the dollar have provided excellent conditions for substantial economic growth in Hawaii.

The upturn in interest rates in April (the first significant upward movement since 1984) appeared to be in reaction to the dollar's declining international value. If that value can be stabilized, interest rates may ease. The latest forecast for the U.S. economy continues to anticipate modest growth of about 2.4 percent for real, gross national product.

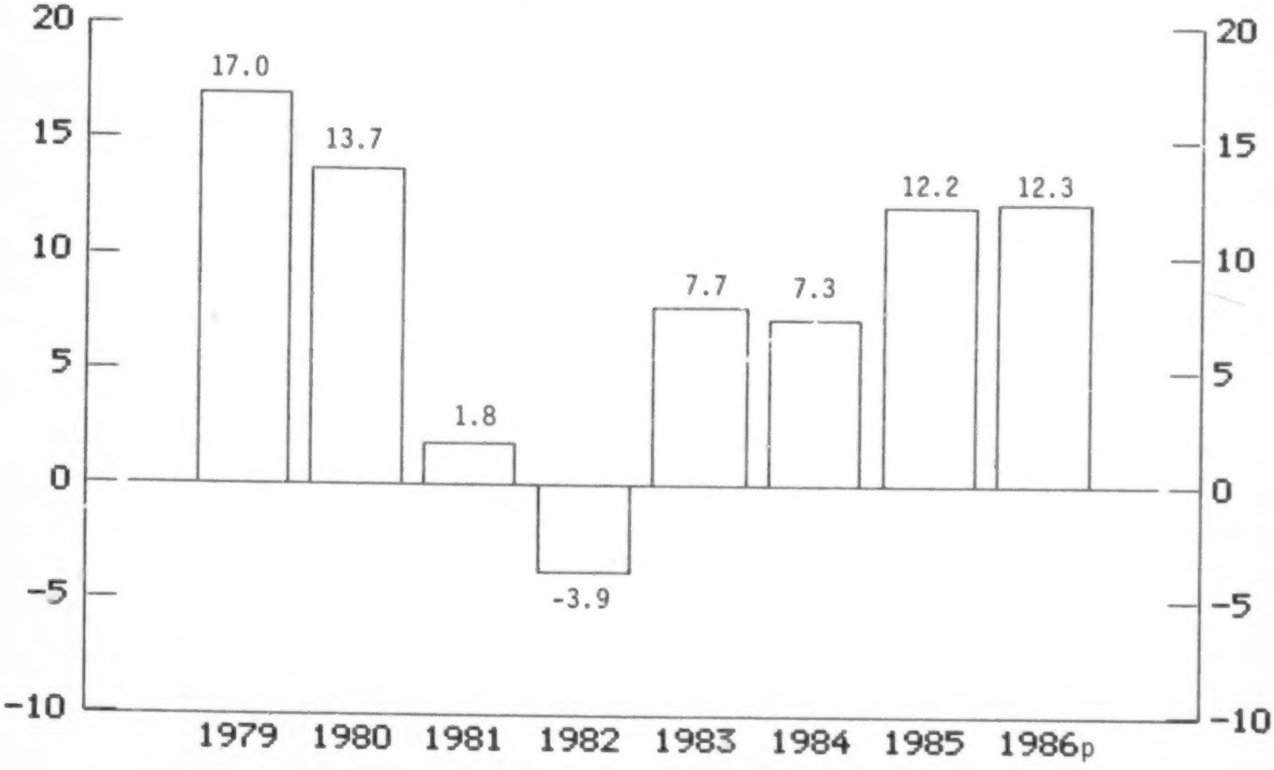
DPED continues to anticipate moderate economic activity for Hawaii during 1987, although not likely at the rapid pace of 1986. Total visitor arrival growth is currently expected to be about 4 percent for the year as a whole. Several months of data for the new year will be needed to determine if revisions to the visitor forecast will be needed.

In any case, 1987 is expected to be another good year for job growth, with about a 3 percent increase over 1986. This will be a combined result of new growth in 1987 and spillover demand for labor generated by last year's economic gains. The real value of construction will likely slow to a more moderate 8 percent real increase in 1987, compared to the 25 percent increase of 1986. Federal expenditures are likely to bounce back somewhat from the loss experienced in 1986. However, national defense budget limitations and questions about the workload that the Navy will make available to the Pearl Harbor Naval Shipyard cloud the outlook somewhat for this sector. An updated, detailed DPED economic forecast for Hawaii will be published in the next quarterly report.

Figure 1-1

ANNUAL CHANGES IN THE TOTAL JOBCOUNT

(thousands of jobs)



P: Preliminary.
Source: Hawaii State Department of Labor and Industrial Relations

2. Trends in Visitor Expenditures

While the focus of public attention with respect to tourism is usually on the total number of visitors arriving in the State, a more important overall measurement of tourism is its economic impact, determined by how much visitors spend in Hawaii and where they spend. DPED has analyzed available data on the expenditure patterns of westbound visitors (arriving from the Mainland U.S. or Canada) and Japanese visitors between 1974 and 1983 with interesting results, including evidence that:

1. Visitors' average real spending has been relatively stable over the years;
2. Visitors have been spending more for lodging and less for most other goods and services; and
3. Hotel sales of food and beverage per occupied hotel room have declined significantly over the years.

Information on how much and where visitors spend while they are in Hawaii has been less frequently collected than information on the arrival of visitors. This explains, in large measure, the emphasis on visitor arrival data as the primary measure of visitor industry activity. Moreover, visitor arrival data is one of the more reliable industry statistics because almost all travel to and from Hawaii is by aircraft and information on the number of passengers arriving in Hawaii on overseas airlines is known. In-flight surveys of westbound passengers by the Hawaii Visitors Bureau (HVB) are used to separate visitor from resident and transient travel. For eastbound travelers, the air carriers provide estimates of the percent of all passengers who were visitors to Hawaii. Every month, therefore, HVB is able to report a reasonably reliable estimate of the number of visitors to the State. 1/

By contrast, until this year, surveys to determine the amount and allocation of visitor spending have been conducted only every third year since 1974; and expenditure information is only reliable for westbound and, to a lesser degree, Japanese visitors. Beginning in 1986, visitor expenditures have been surveyed quarterly, although the sample size is small and, as in the past, is limited to westbound visitors. 2/

These shortcomings, notwithstanding the patterns of change in westbound and Japanese visitor spending between 1974 and 1983, provide a valuable indication of visitors' economic impact on the State and various segments of its visitor industry. The remainder of this chapter explores changes in the spending levels and patterns of these two major visitor groups between 1974 and 1983. 3/

Average daily spending by westbound visitors to Hawaii was almost $86 in 1983, compared to $46 in 1974. By comparison, average daily spending by Japanese visitors was estimated at $227 per day in 1983, up from $123 in 1974. Thus, on a per-day basis, Japanese visitors (representing about 16 percent of all visitors) appear to have outspent westbound visitors (76 percent of all visitors) by almost three dollars to one throughout the 1974 to 1983 period.

This comparison does not, however, relate a true picture of the relative economic impact of each group, since westbound visitors are estimated to stay in Hawaii twice as long on average as Japanese visitors. A more representative comparison of the relative economic impact of westbound and Japanese visitors is the average expenditure of visitors per trip instead of per day. This is derived by multiplying the average daily spending by the average length of stay for each group.

Figures 2-1 and 2-2 show average total trip expenditures for westbound and Japanese visitors, respectively, in both current dollars and constant 1967 dollars (corrected for inflation using the Honolulu Consumer Price Index). On a per-trip basis, Japanese visitors still generally outspent westbound visitors in the 1974 to 1983 period on average, but only by about one-fourth as much.

An interesting result of correcting average trip expenditures for inflation is their remarkable stability over time. In real terms, westbound visitor spending varied by only $9 per trip from 1974 to 1983 and only $17 per trip for Japanese visitors during the same period. 4/ The reasons for this stability are not clear, but it does suggest that using the total visitor count as a measure of the overall economic impact of tourism may be quite reliable in the absence of actual expenditure information for a particular period of time. (Although for some segments of the visitor industry, hotels for instance, other measures such as the average length of stay may be more relevant economically.)

Another interesting result of focusing on real trip expenditures for westbound visitors is that they appear to have increased slightly over the 1974-1983 period, while daily spending appears to have decreased slightly. 5/ As Table 2-1 shows, this has occurred because, in general, declines in daily westbound visitor spending have been more than offset by increases in the average length of stay. Thus, as westbound visitors have stayed longer on average, they have tended to spend somewhat less per day, with total trip expenditures remaining roughly the same, if not increasing, in real terms. A similar analysis of the trade-off between daily spending and length of stay for Japanese visitors would not be meaningful since their length of stay is an approximation, based on industry information rather than direct measurement.

Within the visitors' rather stable total budget, however, the specific kinds of expenditures westbound and Japanese visitors have chosen to make have changed markedly since 1974. Figures 2-3 and 2-4 graph the percent of total spending allocated to major expenditure categories by westbound and Japanese visitors, respectively, over the 1974-1983 period. The graphs show both the differences between westbound and Japanese expenditure patterns and interesting changes in those patterns for both groups over time.

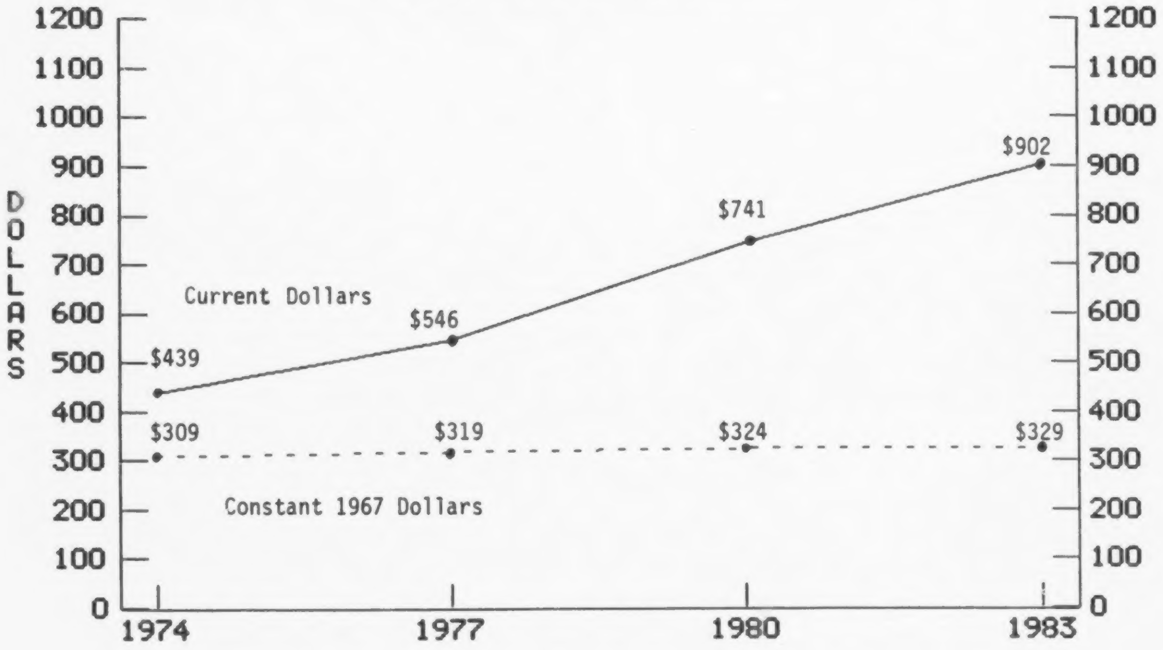
For westbound visitors (Figure 2-3), lodging costs have always been the largest single expenditure category, increasing from 28 percent in 1974 to 35 percent in 1983. As the amount allocated to lodging costs has risen, the proportion spent on food and other categories has declined.

Japanese visitors' spending for lodging has, by contrast, always averaged a smaller proportion of their travel budget than spending for food; and both of these categories have commanded an increasing proportion of those visitors' total spending since 1974 (Figure 2-4).

The most striking difference between westbound and Japanese visitor spending has been the proportion allocated to categories other than lodging and food. Almost 55 percent of Japanese visitor spending in 1983 was for categories other than food and lodging, down from 75 percent in 1974. For westbound visitors, other spending was just 40 percent in 1983, down only slightly from 43 percent in 1974. As Figure 2-4 shows, gifts and souvenirs have commanded most of the average Japanese visitor's spending outside of lodging and food. For westbound visitors, however, spending has been distributed more evenly among categories outside of lodging and food (see Table 2-2).

Figure 2-1

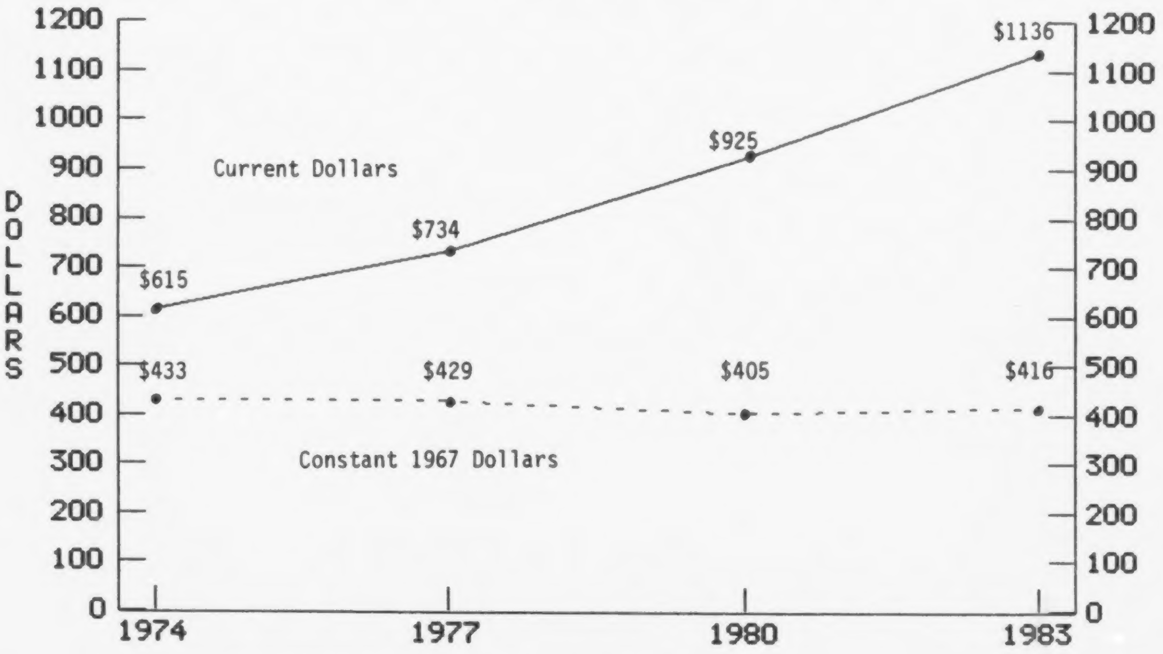
AVERAGE WESTBOUND VISITOR EXPENDITURES PER TRIP: CURRENT AND CONSTANT DOLLARS: 1974 TO 1983



Source: Hawaii Visitors Bureau; DPED computations.

Figure 2-2

AVERAGE JAPANESE VISITOR EXPENDITURES PER TRIP; CURRENT AND CONSTANT DOLLARS: 1974 TO 1983



Source: Hawaii Visitors Bureau; DPED calculations.

Table 2-1.-- CHANGE IN REAL DAILY EXPENDITURES, LENGTH OF STAY AND TOTAL TRIP EXPENDITURES FOR WESTBOUND VISITORS: 1974 TO 1983

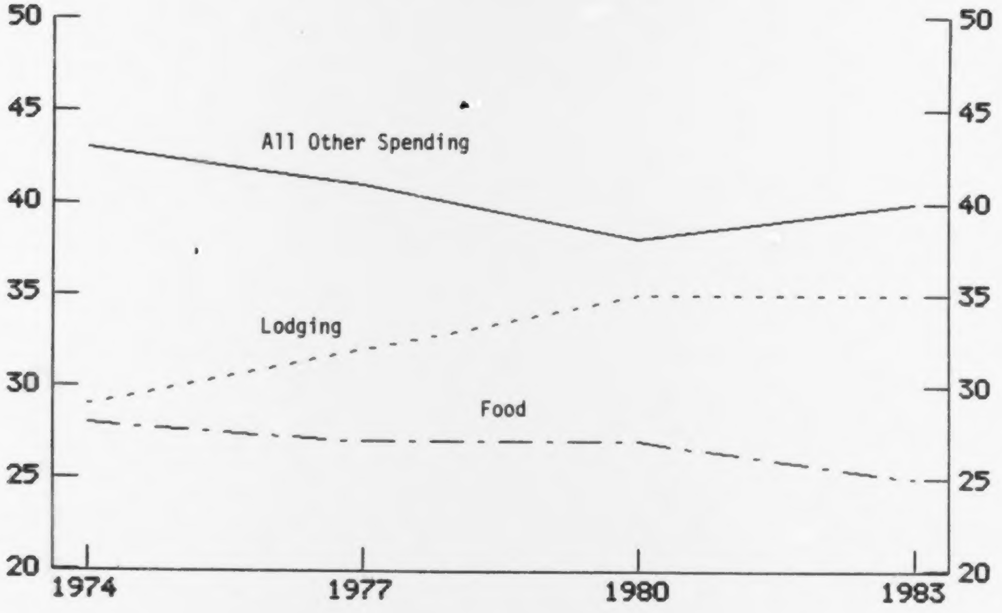
Year	Average spending per day		Average length of stay		Average spending per trip	
	Constant 1967 dollars	% change	Days	% change	Constant 1967 dollars	% change
1974 ...	32.56	-	9.5	-	309.32	-
1977 ...	31.94	-1.9	10.0	+5.3	319.40	+3.3
1980 ...	31.18	-2.4	10.4	+4.0	324.27	+1.5
1983 ...	31.40	+0.7	10.5	+1.0	329.70	+1.7

Source: Hawaii Visitors Bureau. DPED computations.

Figure 2-3

ALLOCATION OF AVERAGE WESTBOUND VISITOR SPENDING BY MAJOR CATEGORIES: 1974 TO 1983

(percent of total spending)

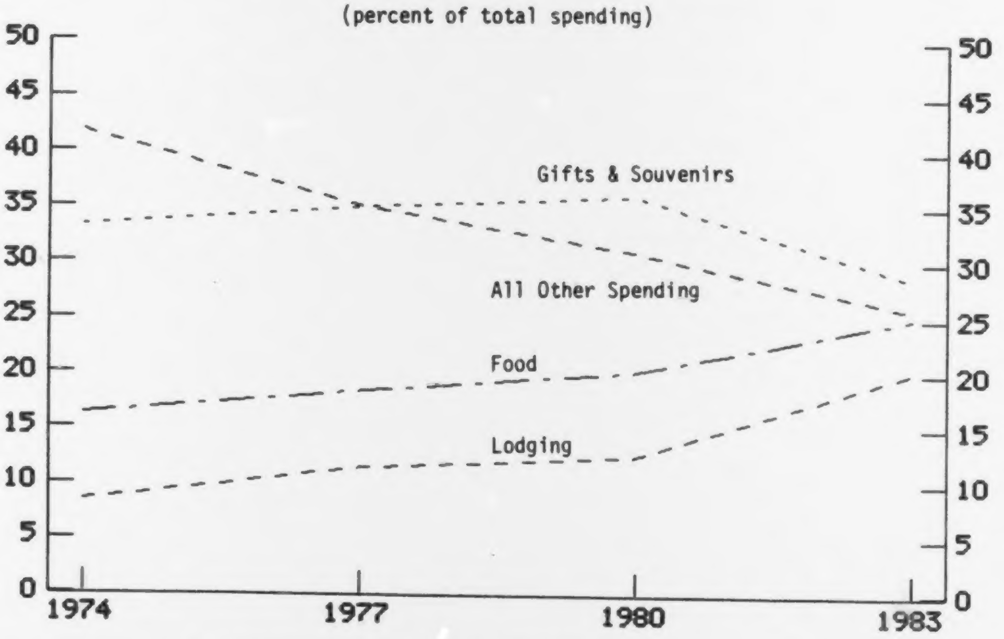


Source: Hawaii Visitors Bureau; DPED computations.

Figure 2-4

ALLOCATION OF AVERAGE JAPANESE VISITOR SPENDING BY MAJOR CATEGORIES: 1974 TO 1983

(percent of total spending)



Source: Hawaii Visitors Bureau; DPED computations.

Table 2-2.-- WESTBOUND VISITORS; CHANGE IN AVERAGE EXPENDITURES PER TRIP BY COMPONENT: 1974 TO 1983

Category	Current dollars 1/		Constant (1967) dollars 2/			
	Spending		Spending		Dollar change	Percent change
	1974	1983	1974	1983		
Total	438.90	901.74	309.32	329.70	+20.38	+6.6
Lodging	126.73	314.37	89.30	114.98	+25.68	+28.8
Food and beverage	124.64	225.44	87.88	82.43	-5.45	-6.2
Transportation ..	49.02	100.91	34.58	36.86	+2.28	+6.6
Gifts	42.37	76.86	29.83	28.14	-1.69	-5.7
Clothes	47.12	75.39	33.25	27.62	-5.63	-16.9
Entertainment ...	20.14	53.55	14.16	19.53	+5.37	+37.9
Other	28.88	55.23	20.33	20.16	-0.17	-0.8

1/ Not corrected for inflation.

2/ Spending corrected for inflation using the Honolulu Consumer Price Index (CPI-U).

Source: Hawaii Visitors Bureau. DPED computations.

Despite differences in the way they allocate their vacation budgets, westbound and Japanese visitors have shared one similar trend--a significant increase in the proportion of spending allocated to lodging over the years. Interestingly, the increase in the allocation of visitor spending for lodging does not appear to have been in response to inordinate increases in the cost of lodging--at least in the 1977 to 1983 period. Figure 2-5 shows average room rates for hotels in Hawaii from 1977 to 1986. 6/ In current dollars, the average room rate showed consistent increase over the 1977 to 1983 period. However, when corrected for inflation, hotel rates in constant dollars showed no increase over the 1977 level until after 1983. By contrast, the average daily spending on lodging by westbound and Japanese visitors between 1977 and 1983 increased 8 percent and 71 percent, respectively, in constant dollars. (Since 1983, the average hotel room rate in constant dollars has increased almost 20 percent due to a recovering visitor market and a tightening visitor-room inventory. Preliminary 1986 westbound visitor expenditures partially reflect this increase in lodging costs with the amount spent on lodging increasing to about 38 percent of total trip expenditures from 35 percent in 1983).

While their spending for lodging increased (either by choice or in the face of higher lodging costs), westbound visitors have correspondingly spent proportionately less on other consumption, especially food and particularly food and beverage at hotels. Average daily westbound visitor spending for food and beverage in constant dollars declined 13 percent between 1977 and 1983. However, at hotels, average daily food and beverage sales per occupied room declined almost 31 percent over the same period (Figure 2-6). Because daily hotel food and beverage revenue has fallen more sharply than westbound visitors' total daily expenditures on food, as shown by HVB data, it is likely that these visitors have decreased expenditures for hotel dining and substituted out-of-hotel food options.

As Table 2-2 shows, the shift in westbound visitor expenditure patterns since 1974 have had the greatest impact on the sale of clothing. Sales in this category declined almost 17 percent in real terms between 1977 and 1983. Entertainment, on the other hand, was apparently not a category for which westbound visitors were willing to reduce spending. Quite the opposite, real expenditures in this category actually rose 38 percent from 1977 to 1983.

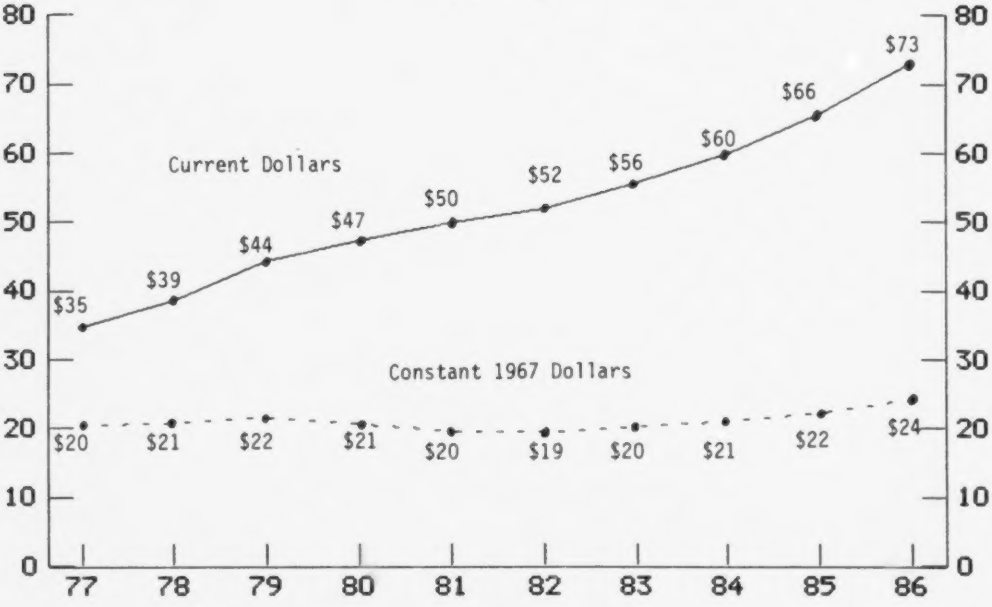
As indicated earlier, the average real dollar amount spent for lodging by Japanese per visit between 1974 and 1983 (Table 2-3) increased considerably more (71 percent in real terms) than the increase for that category shown by westbound visitor spending (8 percent). The reason for this is not clear. The increase in the average Japanese visitors' lodging expenditures could have been due to increasing room rates for particular hotels with which Japanese tour agencies tend to do business. Alternatively, it may reflect an emerging taste for the amenities of more expensive hotels by Japanese visitors.

Whatever the reason, the radical increase in Japanese visitors' trip expenditures for hotel accommodations resulted in sharp declines in the proportion of spending in other categories including transportation, gifts, and "other" expenditures. Unlike their westbound counterpart, however, Japanese visitors chose to increase the proportion of vacation spending on food rather than cut back on that category to permit increased spending on lodging.

Figure 2-5

AVERAGE DAILY HOTEL ROOM RATE;
CURRENT AND CONSTANT DOLLARS: 1977 TO 1986

(dollars)

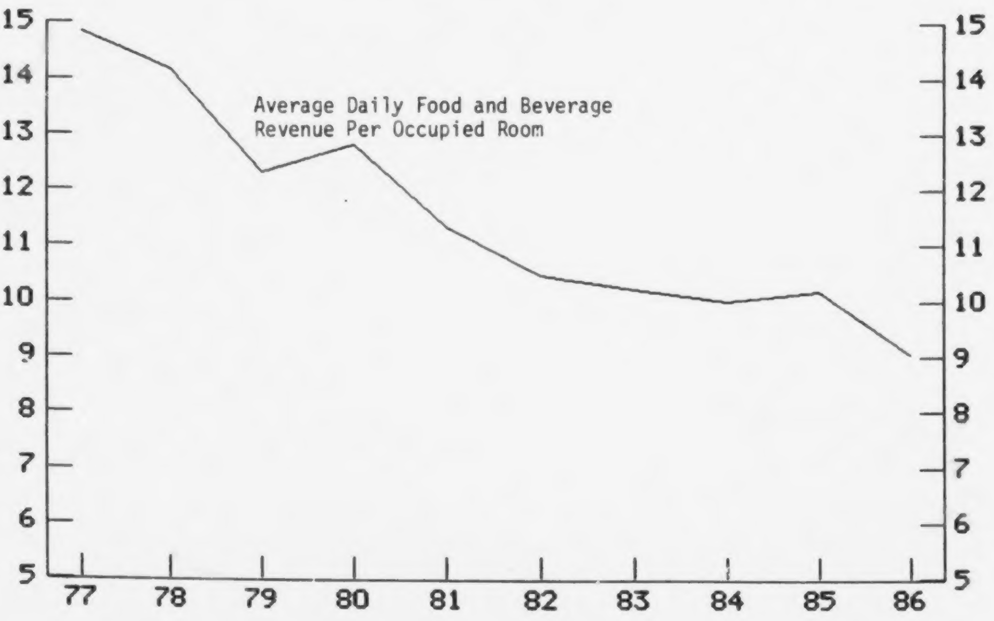


Source: Pannell, Kerr, Forster; DPED computations.

Figure 2-6

TREND IN FOOD AND BEVERAGE SALES AT HOTELS: 1977 TO 1986

(Constant 1967 dollars)



Source: Pannell, Kerr, Forster; DPED computations.

Table 2-3.-- JAPANESE VISITORS; CHANGE IN AVERAGE TRIP EXPENDITURES BY COMPONENT: 1974 TO 1983

Category	Current dollars 1/		Constant (1967) dollars 2/			
	Spending		Spending		Dollar change	Percent change
	1974	1983	1974	1983		
Total	615.00	1136.6	433.40	415.60	-17.80	-4.1
Lodging	52.25	230.1	36.80	84.15	+47.35	+128.7
Food and beverage	100.25	284.40	70.65	104.00	+33.35	+47.2
Transportation ..	94.70	112.75	66.35	41.20	-25.15	-37.9
Gifts	204.80	326.70	144.35	119.45	-24.90	-17.2
Other	163.00	136.80	114.85	50.00	-64.85	-56.46

1/ Not corrected for inflation.

2/ Spending corrected for inflation using the Honolulu Consumer Price Index (CPI-U).

Source: Hawaii Visitors Bureau. DPED computations.

Hopefully in the future, more extensive analyses of visitors and their expenditure patterns will be undertaken. This could provide more detailed information on Japanese visitor characteristics and the visitor expenditure patterns of all visitors to the Neighbor Islands, which is a prime concern of individual counties. (The HVB has begun a more intensive study of Australian and New Zealand visitors starting last year and of Japanese visitor spending beginning this year.)

There also appears to be a need for more research into the exact causes of the apparent shift in visitor spending patterns. This could supply important information to assist the marketing of visitor products and services, especially those which appear to have lost ground over the years, such as clothing and transportation.

Notes

1/ Another widely used visitor industry statistic is the estimated average daily westbound visitor census. This measure is obtained by combining the total visitor arrival estimate with an average intended length of stay estimate, which is reported by visitors on the inflight survey. The shortcomings of this statistic as a proxy for the economic impact of visitors are twofold. First, only westbound visitors are surveyed for intended length of stay. The length of stay of Japanese and other predominately eastbound visitors are not surveyed and must be approximated through less direct means. Second, it is an assumption that the average intended length of stay reported before the visitor lands in Hawaii will turn out to be the actual average length of stay.

2/ Final 1986 westbound visitor expenditure survey information had not been released by HVB before publication of this report. However, preliminary information was available and will be alluded to occasionally when it appears to bear on the long-term trend.

3/ While the Japanese visitor category is relatively homogeneous with respect to residency, the westbound category is not. In 1985, 85 percent of westbound visitors were U.S. residents, 7 percent were Canadian, and 8 percent were other foreign travelers. Also, the categories, "westbound" and "Japanese," overlap slightly in that some Japanese visitors have arrived in Hawaii after a Mainland U.S. trip and are therefore both Japanese and westbound visitors. The overlap (amounting to about 2 percent of westbound visitors) probably has only minor influence on the average expenditure estimates, however.

4/ Information on 1986 westbound visitor expenditures is expected to be released by the HVB within the next month or two. However, preliminary 1986 results obtained from HVB generally show little change from the 1977-1983 trend for total spending and generally continue the direction of trends established between 1977 and 1983 for components of total spending.

5/ Although as indicated, the differences may not be statistically significant.

6/ Data on hotel room rates and food/beverage sales are compiled monthly by the accounting firm Pannel Kerr Forster.

3. Income and Prices

Personal income for the first three quarters of 1986 increased 6.1 percent for the State compared to the national average of 5.5 percent.

Consumer prices, as measured by the Honolulu Consumer Price Index (CPI-U), increased only 2.4 percent in 1986. Medical care costs continued to lead all other major components, rising 8 percent over last year. Beginning in 1987, the Honolulu Consumer Price Index will be issued only twice a year and will incorporate extensive revisions based on the 1982-1983 Consumer Expenditure Survey of Honolulu. The next release should be in late July to cover the January to June 1987 period.

Figure 3-1

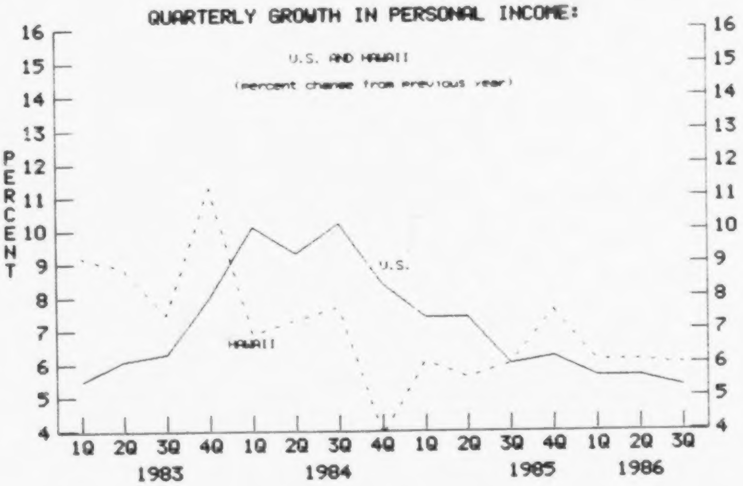


Figure 3-2

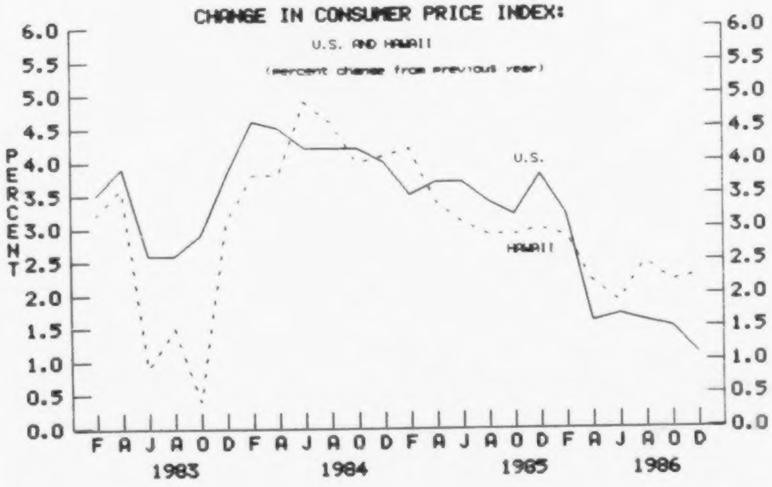


Table 3-1.-- TOTAL PERSONAL AND DISPOSABLE INCOME, FOR THE UNITED STATES AND HAWAII: 1980 TO 1986

[In millions of dollars and percent]

Year	Total personal income 1/		Percent change from same quarter in previous year	
	United States	Hawaii	United States	Hawaii
1980	2,252,021	10,310	11.1	14.0
1981	2,512,327	11,068	11.6	7.4
1982	2,660,940	11,774	5.9	6.4
1983	2,833,184	12,862	6.5	9.2
1984	3,101,402	13,690	9.5	6.4
1985	3,310,545	14,558	6.7	6.3
1983				
1st Q ..	2,747,018	12,541	5.5	9.2
2nd Q ..	2,807,173	12,717	6.1	8.9
3rd Q ..	2,841,157	12,812	6.3	7.5
4th Q ..	2,937,388	13,377	8.0	11.3
1984				
1st Q ..	3,024,888	13,409	10.1	6.9
2nd Q ..	3,067,203	13,649	9.3	7.3
3rd Q ..	3,130,640	13,800	10.2	7.7
4th Q ..	3,182,876	13,903	8.4	3.9
1985				
1st Q ..	3,247,811	14,232	7.4	6.1
2nd Q ..	3,294,856	14,412	7.4	5.6
3rd Q ..	3,319,861	14,627	6.0	6.0
4th Q ..	3,379,652	14,962	6.2	7.6
1986:				
1st Q ..	3,430,035	15,106	5.6	6.1
2nd Q ..	3,479,574	15,288	5.6	6.1
3rd Q ..	3,497,088	15,509	5.3	6.0

1/ Quarterly income seasonally adjusted at annual rates.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated October 1986 and diskettes received January 1987.

Table 3-2.-- PER CAPITA PERSONAL AND DISPOSABLE PERSONAL INCOME, FOR HAWAII: 1969 TO 1985

Year	Per capita personal income (dollars)		Per capita personal income as percent of U.S. average	
	Total	Disposable	Total	Disposable
1969	4,426	3,707	116	115
1970	4,960	4,191	122	120
1971	5,147	4,405	120	118
1972	5,487	4,632	118	116
1973	5,922	5,008	114	112
1974	6,674	5,685	118	117
1975	7,067	6,162	116	117
1976	7,510	6,507	113	113
1977	7,896	6,801	108	109
1978	8,671	7,435	107	107
1979	9,518	8,124	105	106
1980	10,648	9,089	107	108
1981	11,287	9,607	103	104
1982	11,799	10,265	103	106
1983	12,616	10,861	104	105
1984	13,199	11,508	101	102
1985	13,814	11,963	100	101

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated August 1986.

Table 3-3.-- PERSONAL INCOME BY MAJOR SOURCES: 1980, 1985, and 1986

[In millions of dollars and percent]

Item	1980	1985	III Q 1986	Average annual growth rates	
				1980-85	III Q 1985-86
By type:					
Wage and salary disbursements	6,674	9,209	9,766	6.6	5.6
Other labor income	516	817	885	10.1	7.3
Proprietors income	851	1,003	1,132	2.7	13.1
Farm	246	115	89	-14.3	-13.6
Nonfarm	606	888	1,044	7.7	16.3
By industry:					
Farm	391	268	249	-7.7	-3.5
Nonfarm	7,650	10,760	11,535	7.0	6.6
Private	5,288	7,287	7,941	6.4	8.2
Construction	627	686	875	-0.1	27.2
Manufacturing	434	505	538	2.8	6.7
Transp., comm., utilities	706	909	913	5.2	-0.2
Trade	1,218	1,703	1,774	6.8	3.9
Finance, insur., real est.	584	742	861	3.8	15.9
Services	1,659	2,701	2,979	10.8	7.7
Government and govt. enterpr.	2,361	3,473	3,594	8.4	3.2
Federal, civilian	667	969	987	8.5	2.1
Federal military	817	1,312	1,355	10.3	3.8
State and local	878	1,193	1,252	6.5	3.3
Derivation of personal income					
Total earnings	8,041	11,029	11,784	6.4	6.4
Less: Personal contributions for social insurance	439	719	776	10.2	7.8
Net earnings	7,602	10,310	11,007	6.2	6.3
Plus: Dividends, interest, and rent	1,367	2,161	2,264	10.8	5.0
Plus: Transfer payments	1,341	2,087	2,237	9.8	5.9
Personal income	10,310	14,558	15,509	7.3	6.0

Source: U.S. Department of Commerce, Bureau of Economic Analysis, printouts dated October 1986 and diskettes received January 1987.

Table 3-4.-- CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U) FOR SELECTED ITEMS, FOR HONOLULU AND THE U.S. CITY AVERAGE: 1981 TO 1986

[1967=100]

Month and year	All items	Food & beverage	Housing 1/	Apparel and upkeep	Transportation	Medical care	Entertainment	Other
Honolulu:								
1981	252.4	275.4	240.3	193.4	247.1	289.4	224.8	244.2
1982	267.6	288.3	255.0	201.5	255.6	324.3	246.7	275.6
1983	273.5	296.0	257.5	207.7	253.7	357.6	257.6	303.7
1984	284.8	308.2	268.2	205.1	265.7	379.7	268.9	319.1
1985	294.1	320.6	275.8	203.9	270.9	400.6	288.4	336.8
1986	301.1	327.2	282.2	204.4	271.7	432.8	291.8	358.1
February	301.2	323.5	282.1	206.1	279.3	424.6	298.1	346.3
April ..	299.0	321.0	281.3	205.5	270.1	426.0	298.8	351.4
June ...	299.2	327.5	278.9	197.4	271.7	428.8	299.2	351.7
August .	301.5	326.3	284.8	203.4	268.1	441.0	285.3	360.3
October.	302.2	332.2	281.9	206.5	267.3	442.9	286.3	372.1
December	305.4	336.2	285.1	208.4	273.9	440.6	281.8	374.0
U.S. avg:								
1981 ...	272.4	267.3	293.5	186.9	280.0	294.5	221.4	235.7
1982 ...	289.1	278.2	314.7	191.8	291.5	328.7	235.8	259.9
1983 ...	298.4	284.4	323.1	196.5	298.4	357.3	246.0	288.3
1984 ...	311.1	295.1	336.5	200.2	311.7	379.5	255.1	307.7
1985 ...	322.2	302.0	349.9	206.0	319.9	403.1	265.0	336.8
1986 ...	328.4	311.8	360.2	207.8	307.5	433.5	274.1	344.4
February	327.5	307.7	356.5	204.1	319.2	422.3	272.0	340.3
April ..	325.3	308.5	358.0	207.3	303.3	428.0	272.3	341.8
June ...	327.9	309.5	361.2	204.5	308.6	432.0	273.9	342.6
August .	328.6	314.6	362.4	207.0	301.3	437.5	274.7	346.4
October.	330.5	315.6	363.0	213.2	302.6	442.3	276.5	354.6
December	331.1	317.0	362.1	210.9	304.8	446.8	277.4	355.2
% increase (Honolulu):								
1981-82 ..	6.0	4.7	6.1	4.2	3.4	12.1	9.7	12.9
1982-83 ..	2.2	2.7	1.0	3.1	-0.7	10.3	4.4	10.2
1983-84 ..	4.1	4.1	4.2	-1.3	4.7	6.2	4.4	5.1
1984-85 ..	3.3	4.0	2.8	-0.6	2.0	5.5	7.3	5.5
1985-86 ..	2.4	2.1	2.3	0.2	0.3	8.0	1.2	6.3

1/ Change in calculation in 1983 -- housing costs measured in rental equivalence (what owners would have to pay if they rented their homes).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

4. Employment

Recently revised job data from the Hawaii State Department of Labor and Industrial Relations reveal higher levels of employment than previously estimated. The new numbers show that total jobs grew at an average annual rate of 2.6 percent for both 1985 and 1986, increasing by over 12,000 jobs each year. By quarters, the strong upswing in jobs during the last periods of 1985 continued into 1986. Although the figures show slower growth during the last quarter of 1986, more revisions are expected for 1986 which may further boost the gains for 1986.

Total nonagricultural jobs rose nearly 3 percent annually since 1985, while agricultural jobs continue to decline. By industry, the construction sector experienced the greatest gains, continuing to recover and nearly reaching its pre-1980 to 1982 recession levels of employment when construction jobs averaged over 20,000 annually.

Figure 4-1

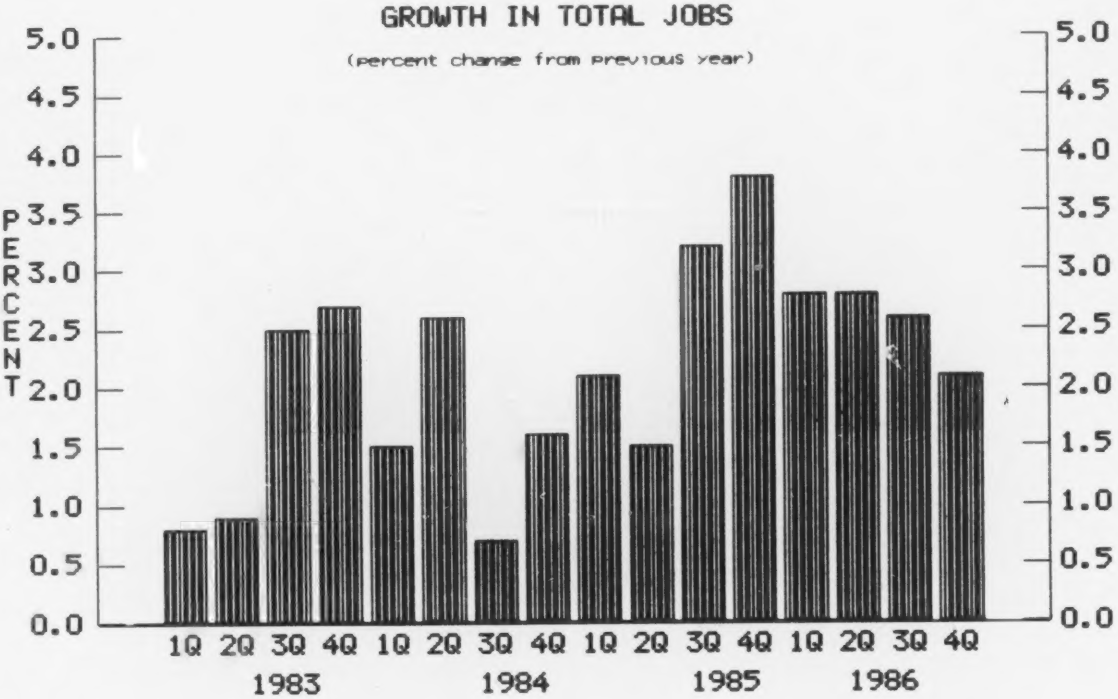


Table 4-1.-- TOTAL JOBS, HAWAII: 1980 TO 1987

Year	Total jobs 1/	Nonagriculture			Agriculture			Labor disputes
		Total	Wage & salary	Self-employed	Total	Wage & salary	Self-employed	
1980	448,150	432,400	404,100	28,300	15,250	10,650	4,600	500
1981	449,900	433,950	404,800	29,150	15,900	11,550	4,350	50
1982	446,050	430,700	399,400	31,300	15,250	11,300	3,950	100
1983	453,750	438,500	406,200	32,300	15,100	11,200	3,900	150
1984	461,000	446,100	412,650	33,450	14,450	10,800	3,650	450
1985	473,150	459,150	425,750	33,400	13,900	10,400	3,500	100
1986 (p) ..	485,400	471,800	437,200	34,600	13,350	10,150	3,200	200
1986 (p):								
1st Q ...	478,750	465,900	432,850	33,050	12,850	9,850	3,000	50
2nd Q ...	483,750	470,900	435,800	35,100	12,800	9,950	2,850	100
3rd Q ...	487,400	473,100	436,700	36,400	14,250	10,800	3,450	100
4th Q ...	491,600	477,500	443,500	34,000	13,500	10,000	3,500	650
1987 (p):								
Jan-Feb	487,800	474,400	445,050	29,350	13,350	10,000	3,400	50
	Percent change from the same period in previous year							
1980	3.2	3.4	2.6	16.2	1.0	0.5	2.2	-28.6
1981	0.3	0.4	0.2	3.0	2.9	8.4	-5.4	-90.0
1982	-0.9	-0.7	-1.3	7.4	-3.8	-2.2	-9.2	100.0
1983	1.7	1.8	1.7	3.2	-1.3	-0.9	-1.3	50.0
1984	1.6	1.7	1.6	3.6	-4.0	-3.6	-6.4	200.0
1985	2.6	2.9	3.2	-0.2	-3.8	-3.5	-4.4	-77.8
1986 (p) ..	2.6	2.8	2.7	3.7	-4.0	-2.7	-8.6	100.0
1986 (p):								
1st Q ...	2.8	3.0	3.1	1.6	-2.3	0.2	-10.9	-80.0
2nd Q ...	2.8	3.2	2.9	7.7	-7.9	-5.5	-16.6	-33.3
3rd Q ...	2.6	2.8	2.3	9.6	-5.0	-3.9	-8.4	(X)
4th Q ...	2.1	2.1	2.6	-3.8	-0.7	-1.3	1.4	1,200.0
1987 (p):								
Jan-Feb	2.2	2.1	3.2	-12.3	4.3	2.0	11.6	0.0

p Preliminary.
X Not calculated -- data in base period equaled zero.
1/ Total of wage and salary jobs and self-employed in agricultural and nonagricultural industries plus those jobs involved in labor disputes.
Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-2.-- NUMBER OF JOBS, BY INDUSTRY: 1985 to 1987

Series	1985	1986	(Jan-Feb) 1987	Percent change from previous year		
				1985	1986	1987
Total jobs 1/	473,150	485,400	487,800	2.6	2.6	2.2
Non agricultural wage and salary jobs	425,750	437,200	445,050	3.2	2.7	3.2
Construction	17,150	18,950	21,500	8.8	10.4	23.2
Manufacturing	21,900	22,100	21,700	0.2	0.7	0.2
Food processing	10,100	10,150	9,900	-6.1	0.8	1.3
Transp, commun, utilities .	33,200	33,950	34,200	3.8	2.3	2.4
Trade	115,650	116,700	118,200	3.8	0.9	2.3
Wholesale	19,550	19,350	19,300	3.2	-1.2	0.9
Retail	96,100	97,350	98,900	3.9	1.3	2.5
Finance, insur., real estate	31,900	32,900	33,100	0.1	3.2	1.9
Services	112,650	118,750	121,400	4.3	5.4	4.0
Hotels	29,000	29,250	30,200	2.5	0.9	4.3
Government	93,300	93,850	95,000	1.6	0.6	1.1
Federal	32,400	32,100	32,100	0.8	-0.9	-0.2
State	47,400	48,600	50,150	1.8	2.6	1.9
Local	13,500	13,150	12,800	2.4	-2.7	1.6
Agriculture (wage & salary) .	10,400	10,150	10,000	-3.5	-2.7	2.0
Sugar	4,100	4,000	3,850	-4.4	-2.3	0.0
Pineapple	1,950	2,050	1,700	-6.9	4.2	3.1
Diversified agriculture ...	4,350	4,100	4,450	-1.3	-6.6	2.9
Nonagric. self-employed 2/	33,400	34,600	29,350	-0.2	3.7	-12.3
Agricultural self-employed 2/	3,500	3,200	3,400	-4.4	-8.6	11.6
Labor disputes	100	200	50	-77.8	100.0	0.0

1/ Total of nonagricultural and agricultural wage and salary, self-employed, and jobs involved in labor disputes.

2/ Self-employed includes unpaid family workers and domestics.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-3.-- NON-AGRICULTURAL WAGE AND SALARY JOBS, BY COUNTY: 1980 TO 1987

Year	State	City & County of Honolulu	Hawaii County	Kauai County	Maui County
1980	404,100	333,050	28,450	15,150	27,500
1981	404,800	332,300	28,850	15,200	28,450
1982	399,400	325,700	28,700	15,150	29,900
1983	406,200	330,100	29,350	15,700	31,050
1984	412,650	334,400	30,400	15,700	32,150
1985	425,750	342,300	32,250	16,700	34,550
1986 (p)	437,200	350,650	32,950	17,700	35,950
1986 (p):					
1st Q	432,850	347,300	32,750	17,400	35,350
2nd Q	435,800	349,800	32,800	17,550	35,650
3rd Q	436,700	349,700	32,950	17,800	36,250
4th Q	443,500	355,800	33,200	17,950	36,600
1987 (p):					
Jan-Feb	445,050	356,400	33,500	18,100	37,100
	Percent change from same period in previous year				
1980	2.6	2.2	2.9	6.1	4.3
1981	0.2	-0.2	1.4	0.6	3.5
1982	-1.3	-2.0	-0.5	-0.6	5.0
1983	1.7	1.4	2.3	3.9	4.0
1984	1.6	1.3	3.6	0.1	3.5
1985	3.2	2.4	6.0	6.1	7.4
1986 (p)	2.7	2.4	2.2	5.9	4.1
1986 (p):					
1st Q	3.1	3.0	2.0	6.6	3.1
2nd Q	2.9	2.6	1.9	7.1	3.9
3rd Q	2.3	1.9	2.5	5.7	4.2
4th Q	2.6	2.3	2.3	4.2	5.1
1987 (p):					
Jan-Feb	3.2	3.1	2.4	4.5	5.3

p Preliminary.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-4.-- CIVILIAN LABOR FORCE AND EMPLOYMENT, BY COUNTY: 1980 TO 1987

[Number of persons]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian labor force:					
1980	439,000	338,350	43,550	19,550	37,550
1981	451,000	345,700	45,450	20,100	39,800
1982	461,000	350,100	47,200	20,850	42,900
1983	472,000	357,100	48,350	21,650	44,850
1984	472,000	357,100	48,650	21,300	44,950
1985	478,000	358,850	50,300	22,000	46,850
1986	488,000	366,750	50,850	23,100	48,300
1986: 1st Q	482,700	362,050	50,350	22,900	47,450
2nd Q	489,350	367,400	50,900	23,100	48,000
3rd Q	491,300	367,600	51,400	23,300	49,000
4th Q	492,650	369,900	50,800	23,000	48,850
1987: Jan-Feb	483,600	362,350	49,800	22,700	48,850
Civilian employment:					
1980	418,000	322,800	40,850	18,700	35,650
1981	427,000	328,500	42,150	18,900	37,450
1982	430,000	328,600	42,700	19,150	39,600
1983	442,000	336,550	44,050	20,000	41,450
1984	445,000	338,050	44,900	19,800	42,250
1985	451,000	340,400	46,050	20,500	44,050
1986	465,000	350,550	47,000	21,700	45,750
1986: 1st Q	457,900	345,550	46,450	21,300	44,550
2nd Q	463,750	350,300	46,500	21,600	45,350
3rd Q	467,500	351,350	47,550	22,000	46,600
4th Q	470,850	354,900	47,550	21,900	46,550
1987: Jan-Feb	462,750	347,950	46,650	21,600	46,600

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4-5.-- CIVILIAN UNEMPLOYED AND UNEMPLOYMENT RATE, BY COUNTY: 1980 TO 1987

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian unemployed (persons):					
1980	21,000	15,550	2,700	850	1,900
1981	24,000	17,150	3,300	1,150	2,350
1982	31,000	21,500	4,500	1,700	3,300
1983	30,000	20,600	4,300	1,650	3,400
1984	27,000	19,100	3,750	1,500	2,700
1985	27,000	18,450	4,300	1,500	2,750
1986	24,000	16,200	3,850	1,400	2,550
1986: 1st Q	24,800	16,450	3,850	1,600	2,900
2nd Q	25,600	17,050	4,350	1,500	2,650
3rd Q	23,800	16,250	3,850	1,300	2,400
4th Q	21,750	15,050	3,300	1,100	2,300
1987: Jan-Feb	20,850	14,400	3,150	1,050	2,300
Unemployment rate (percent):					
1980	4.9	4.6	6.2	4.3	5.1
1981	5.4	5.0	7.3	5.8	5.9
1982	6.7	6.1	9.5	8.1	7.7
1983	6.5	5.8	8.9	7.7	7.6
1984	5.6	5.3	7.7	7.0	6.0
1985	5.6	5.1	8.5	6.8	5.9
1986	4.8	4.4	7.6	6.0	5.3
1986: 1st Q	5.1	4.5	7.6	7.0	6.1
2nd Q	5.2	4.6	8.5	6.5	5.5
3rd Q	4.8	4.4	7.5	5.6	4.9
4th Q	4.4	4.1	6.5	4.8	4.7
1987: Jan-Feb	4.3	4.0	6.3	4.6	4.7

Source: Hawaii State Department of Labor and Industrial Relations.

5. Business Activity

Financial institutions experienced a flurry of activity during 1986, as a record number of mortgages were processed (see Table 5-5). Interest rates dropped to an 8-year low in 1986, making housing more affordable as well as an incentive for owners to refinance existing mortgages at lower rates. A total of 48,602 mortgages were recorded in 1986, a 63 percent increase over 1985. The value of the mortgages also surpassed all previous years, totalling over $7.1 billion.

Business activity, measured by the volume of taxable transactions subject to State excise and use taxes, increased nearly 7 percent in 1986 over the previous year. The growth was due to the rebound of the construction industry (see Section 7) and the visitor-related industries--retailing, services, and hotel rental.

Figure 5-1

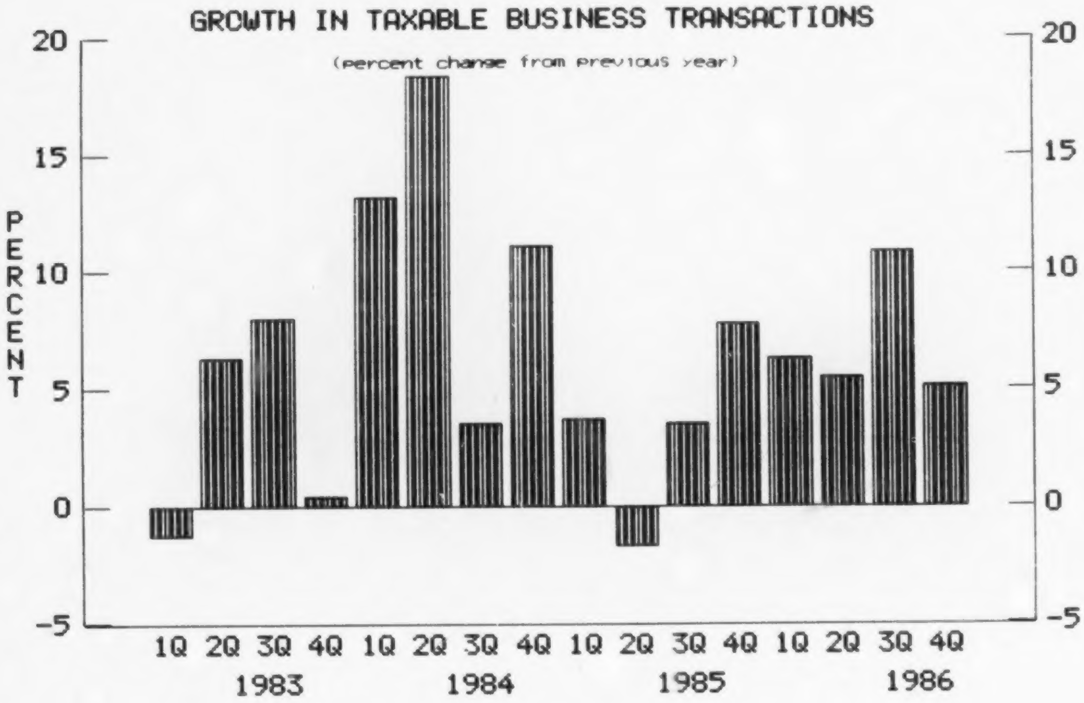


Table 5-1.-- VALUE OF BUSINESS TRANSACTIONS SUBJECT TO STATE EXCISE AND USE TAX: 1980 TO 1986

[Millions of dollars]

Year	Total taxable trans-actions	Selected industry transactions				
		Retailing	Services	Hotel rental	Diversified agriculture	Manu-facturing
1980	18,966.2	6,075.5	1,750.1	720.7	141.3	620.1
1981	20,903.8	6,690.7	1,792.1	759.4	173.3	615.9
1982	20,722.1	7,043.6	1,976.2	875.5	176.8	544.3
1983	21,416.8	7,458.8	2,128.5	858.2	221.6	502.3
1984	23,879.9	8,182.7	2,396.1	1,008.6	257.6	530.1
1985	24,630.3	8,605.2	2,529.7	1,153.4	251.6	538.3
1986	26,335.2	9,206.7	2,786.1	1,227.2	258.8	565.4
1985: 1st Q .	6,036.5	2,098.4	590.2	337.2	70.8	111.8
2nd Q .	6,414.8	2,239.9	669.8	289.6	64.5	144.3
3rd Q .	6,007.0	2,094.0	625.0	276.1	56.3	140.3
4th Q .	6,172.0	2,172.9	644.7	250.5	60.0	141.8
1986: 1st Q .	6,416.5	2,301.8	653.6	280.9	64.3	130.4
2nd Q .	6,767.3	2,403.1	706.9	362.4	62.0	152.3
3rd Q .	6,664.1	2,280.6	713.6	305.6	66.5	140.3
4th Q .	6,487.3	2,221.3	712.1	278.3	66.0	142.5
	Percent change from same period in previous year					
1981	10.2	10.1	2.4	5.4	22.6	-0.7
1982	3.4	5.3	10.3	15.3	2.0	-11.6
1983	-0.9	5.9	7.7	-2.0	25.3	-7.7
1984	11.5	9.7	12.6	17.5	16.2	5.5
1985	3.1	5.2	5.6	14.4	-2.4	1.5
1986	6.9	7.0	10.1	6.4	2.9	5.0
1985: 1st Q .	3.7	5.9	8.3	40.7	17.9	-11.4
2nd Q .	-1.7	2.7	1.2	-9.1	-6.9	-25.5
3rd Q .	3.5	4.8	3.0	16.4	-4.1	7.5
4th Q .	7.8	7.5	12.6	17.6	-13.7	18.1
1986: 1st Q .	6.3	9.7	10.7	-16.7	-9.1	16.6
2nd Q .	5.5	7.3	5.5	25.1	-4.0	5.5
3rd Q .	10.9	8.9	14.2	10.7	18.1	0.0
4th Q .	5.1	2.2	10.5	11.1	10.0	0.5

Note: This series derived by lagging reported excise tax base data one month to adjust for reporting delay.

Source: Hawaii State Department of Taxation.

Table 5-2.-- COLLECTIONS OF KEY STATE TAXES AND GENERAL FUND TAX REVENUES: CALENDAR YEARS 1982 TO 1986

[Thousands of dollars]

Year	General excise and use tax	Net individual income tax 1/	Net corporate income tax 2/	Tax revenues distributed to State General Fund 3/
1982	574,590	296,757	34,785	1,011,465
1983	615,536	358,072	27,960	1,109,876
1984	669,805	413,885	39,681	1,240,352
1985	707,381	446,358	44,075	1,325,791
1986	777,961	490,185	46,216	1,486,484
1985: 1st Q	174,054	108,567	7,522	315,085
2nd Q	178,697	100,302	21,903	344,413
3rd Q	176,769	125,692	11,552	344,675
4th Q	177,860	111,797	3,097	321,618
1986: 1st Q	192,020	125,668	7,783	347,122
2nd Q	200,047	99,847	17,157	393,177
3rd Q	198,275	129,119	14,901	377,599
4th Q	187,620	135,551	6,375	368,586
	Percent change from same period in previous year			
1982	-0.1	-15.1	-20.2	-5.5
1983	7.1	20.7	-19.6	9.7
1984	8.8	15.6	41.9	11.8
1985	5.6	7.8	11.1	6.9
1986	10.0	9.8	4.9	12.1
1985: 1st Q	5.4	-3.2	-21.6	7.4
2nd Q	2.8	23.3	49.2	9.8
3rd Q	6.7	12.3	10.7	8.6
4th Q	7.6	3.1	-37.7	1.8
1986: 1st Q	10.3	15.8	3.5	10.2
2nd Q	11.9	-0.5	-21.7	14.2
3rd Q	12.6	2.7	29.0	9.6
4th Q	5.5	21.2	105.8	14.6

Note: This series represents data as reported by the Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

3/ Excludes non-tax sources.

Source: Hawaii State Department of Taxation.

Table 5-3.-- DEFENSE EXPENDITURES IN HAWAII, BY SERVICE: 1980 TO 1986

[Millions of dollars]

Year or quarter	Total	Navy and Marine 1/	Army	Air Force	Coast Guard
1980	1,317.4	711.3	441.8	141.7	22.7
1981	1,449.3	770.4	493.8	158.3	26.7
1982	1,693.4	878.2	611.5	173.7	29.9
1983	1,848.2	935.9	702.7	182.6	27.0
1984	1,867.2	948.2	685.2	207.6	26.2
1985	1,965.4	955.3	780.4	201.0	28.7
1986	1,784.9	892.0	658.6	202.4	31.9
1985: 1st Q ..	465.8	226.1	180.0	52.9	6.9
2nd Q ..	538.6	253.3	225.4	52.4	7.5
3rd Q ..	477.8	227.2	191.4	52.3	6.9
4th Q ..	483.2	248.7	183.6	43.5	7.5
1986: 1st Q ..	453.1	221.1	176.1	48.9	7.1
2nd Q ..	448.6	229.1	159.5	52.0	8.1
3rd Q ..	441.9	214.9	167.7	50.9	8.3
4th Q ..	441.2	226.9	155.4	50.6	8.3
	Percent change from same period in previous year				
1980	7.8	11.0	2.8	9.6	2.7
1981	10.0	8.3	11.8	11.7	17.6
1982	16.8	14.0	23.8	9.7	12.0
1983	9.1	6.6	14.9	5.1	-9.7
1984	1.0	1.3	-2.5	13.7	-2.7
1985	5.3	0.7	13.9	-3.1	9.6
1986	-9.2	-6.6	-15.6	0.7	11.1
1985: 1st Q ..	1.0	-4.8	10.3	-2.1	3.9
2nd Q ..	16.2	7.3	33.0	2.0	13.7
3rd Q ..	3.9	-4.1	15.4	2.8	13.1
4th Q ..	0.1	4.6	-1.7	-15.2	8.5
1986: 1st Q ..	-2.7	-2.2	-2.2	-7.6	3.8
2nd Q ..	-16.7	-9.6	-29.2	-0.8	7.6
3rd Q ..	-7.5	-5.4	-12.4	-2.7	20.2
4th Q ..	-8.7	-8.8	-15.4	16.3	10.7

1/ Since December 1985, Navy data partly estimated due to change in reporting method.

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DPED.

Table 5-4.-- VALUE OF PROCESSED SUGAR AND CANNED PINEAPPLE SUBJECT TO STATE EXCISE TAX: 1980 TO 1986

Year	Value of shipments 1/ (millions of dollars)		Percent change from same period in previous year	
	Sugar processing 2/	Pineapple canning 3/	Sugar processing	Pineapple canning
1980	545.3	190.9	85.4	9.6
1981	392.5	169.8	-28.0	-11.1
1982	336.3	189.3	-14.3	11.5
1983	421.5	174.2	25.3	-8.0
1984	427.2	213.3	1.4	22.4
1985	355.7	100.1	-16.7	-53.1
1984:				
1st Q	90.1	53.6	-14.9	64.4
2nd Q	114.4	47.8	14.5	18.3
3rd Q	131.0	52.5	-3.8	3.0
4th Q	91.7	59.5	15.4	18.4
1985:				
1st Q	84.6	35.4	-6.1	-34.0
2nd Q	87.5	32.7	-23.5	-31.5
3rd Q	107.3	15.8	-18.3	(NC)
4th Q	76.3	16.1	-16.8	(NC)
1986:				
1st Q	102.7	16.3	21.5	(NC)
2nd Q	65.8	(NA)	-24.8	(NC)
3rd Q	106.3	(NA)	-0.9	(NC)
Oct-Nov ...	48.4	(NA)	-23.4	(NC)

NA Not available.

Note: These data are compiled for excise tax purposes and, for various reasons, differ from annual figures in table 8-1, prepared by the Hawaii State Department of Agriculture. These are, however, the only data related to the value of sugar and pineapple that are available on a monthly or quarterly basis.

NC Not comparable.

1/ Processed sugar and canned pineapple are taxed at the time the products leave factory inventories rather than at the time of actual sale.

2/ Includes value of molasses.

3/ Since August 1, 1985, excludes a major portion of the value of exported pineapple canning.

Source: Hawaii State Department of Taxation.

Table 5-5.-- MORTGAGE ACTIVITY: 1975 TO 1986

Year	Interest rates 1/	Mortgages recorded		
		Number	Total value ($1,000)	Average value (dollars)
1975	9.2	22,031	1,548,130	70,270
1976	8.8	24,799	1,674,255	67,513
1977	8.7	27,799	2,166,606	77,938
1978	9.7	31,070	2,504,979	80,624
1979	10.9	38,309	3,201,376	83,567
1980	13.4	27,551	3,034,349	110,135
1981	16.3	23,156	2,285,147	98,685
1982	15.3	18,773	2,478,992	132,051
1983	13.1	29,060	3,528,800	121,431
1984	13.8	28,200	3,136,606	111,227
1985	12.2	30,777	3,809,595	123,780
1986	10.0	48,602	7,109,021	146,270

1/ FHA insured, secondary market.

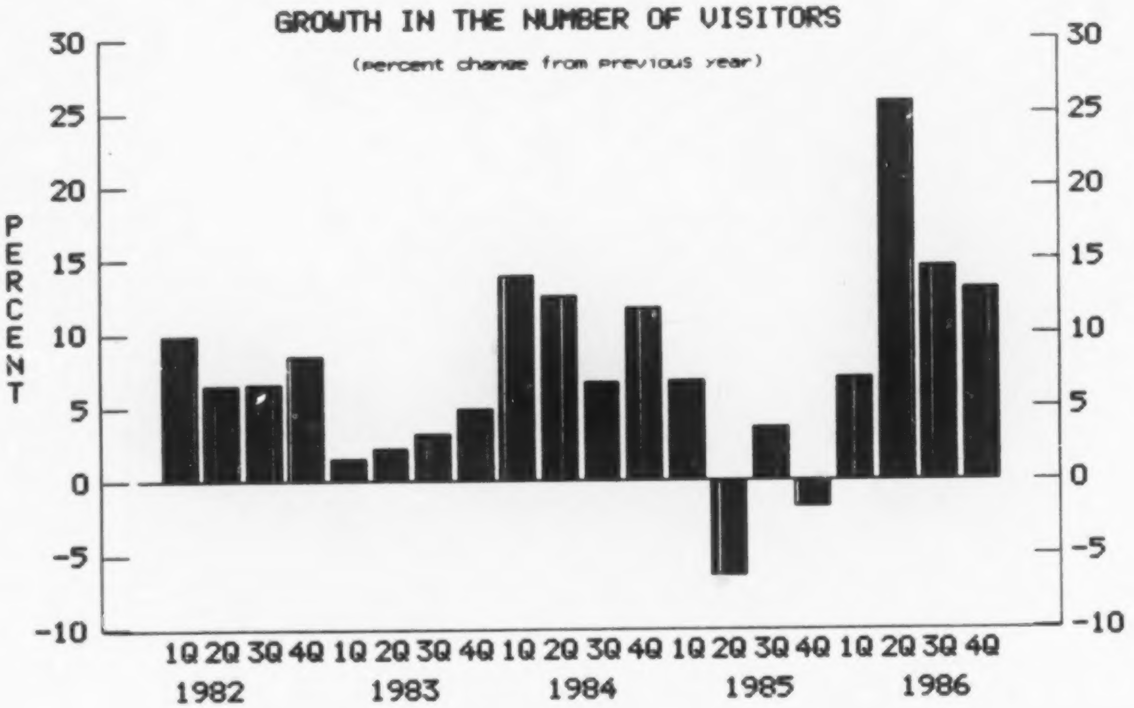
Source: Board of Governors of the Federal Reserve System, Federal Reserve Bulletin; and Title Guaranty of Hawaii, Inc. as reported in Pacific Business News and Bank of Hawaii, Construction in Hawaii.

6. The Visitor Industry

Final figures from the Hawaii Visitors Bureau show a record 5.6 million visitors arriving in the State in 1986, a 14.8 percent increase from the previous year. The dramatic growth in 1986 is due, in part, to the United Airlines pilot strike in 1985 which lowered the visitor count during the second quarter. The 1986 growth may represent visitor trips delayed by the strike, as well as eastbound traffic generated by the sharp decline in the international value of the dollar.

Brisk visitor activity continued into this year as nearly a million visitors arrived in the first two months, a 6.9 percent increase from 1986. Current visitor forecasts for 1987 anticipate a modest 4 percent increase in visitor arrivals, however.

Figure 6-1



GROWTH IN THE NUMBER OF VISITORS

(percent change from previous year)

Table 6-1.-- VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS: 1980 TO 1987

Year 1/	Visitors staying overnight or longer			Average daily visitor census	
	Total	Westbound 2/	Eastbound 3/	Westbound 2/	All
1980	3,934,504	3,046,132	888,372	86,788	96,497
1981	3,934,623	2,974,791	959,832	85,449	95,968
1982	4,242,925	3,278,525	964,400	94,740	105,310
1983	4,368,105	3,396,115	971,990	97,390	108,040
1984	4,855,580	3,721,380	1,134,200	106,260	118,660
1985	4,884,110	3,708,610	1,175,500	103,820	116,700
1986	5,606,980	4,256,390	1,350,590	118,210	134,850
1986: 1st Q ...	1,393,170	1,087,640	305,530	127,060	142,340
2nd Q ...	1,421,160	1,094,260	326,900	118,670	134,840
3rd Q ...	1,450,850	1,073,130	377,720	114,120	132,600
4th Q ...	1,341,800	1,001,360	340,440	113,070	129,720
1987: Jan-Feb..	944,570	706,190	238,380	(NA)	(NA)
	Percent change from corresponding period in previous year				
1980	-0.7	-3.0	8.2	-3.2	-2.2
1981	0.0	-2.3	8.0	-1.5	-0.5
1982	7.8	10.2	0.5	10.9	9.7
1983	3.0	3.6	0.8	2.8	2.6
1984	11.2	9.6	16.7	9.1	9.8
1985	0.6	-0.3	3.6	-2.3	-1.7
1986	14.8	14.8	14.9	13.9	15.6
1986: 1st Q ...	7.0	7.5	5.5	6.1	7.3
2nd Q ...	25.8	30.2	13.0	32.6	31.9
3rd Q ...	14.5	12.0	22.2	10.1	13.3
4th Q ...	13.1	11.5	18.5	12.0	14.3
1987: Jan-Feb..	6.9	3.1	19.8	(NA)	(NA)

NA - Not available.

1/ Beginning in 1984, sample size reduced from 20 to 10 percent and numbers rounded to the nearest 10.

2/ Arriving from the Mainland United States or Canada.

3/ Arriving from the Orient and Pacific areas.

Source: Hawaii Visitors Bureau.

Table 6-2.-- WESTBOUND VISITORS, BY COUNTY: 1981 TO 1987

Year 1/	City and County of Honolulu	Hawaii County	Maui County	Kauai County
1981	2,398,477	672,683	1,389,892	757,811
1982	2,589,190	678,170	1,550,080	733,295
1983	2,591,575	712,380	1,644,605	691,940
1984	2,901,320	760,940	1,854,690	814,590
1985	2,828,640	697,380	1,831,110	832,580
1986	3,146,030	786,930	2,003,870	1,014,650
1985: 1st Q	746,460	204,500	518,510	223,240
2nd Q	648,180	147,090	418,860	186,830
3rd Q	755,000	173,680	466,040	220,530
4th Q	679,000	172,110	427,700	201,980
1986: 1st Q	787,470	214,240	514,130	247,160
2nd Q	813,530	190,600	519,010	262,180
3rd Q	816,000	184,110	502,020	260,620
4th Q	729,030	197,980	468,710	244,690
1987: Jan-Feb	503,530	157,580	328,410	173,930
	Percent change from corresponding period in previous year			
1982	8.0	0.8	11.5	-3.2
1983	0.1	5.0	6.1	-5.6
1984	12.0	6.8	12.8	17.7
1985	-2.5	-8.4	-1.3	2.2
1986	11.2	12.8	9.4	21.9
1985: 1st Q	2.8	-4.5	6.8	8.5
2nd Q	-10.2	-18.3	-10.5	-7.4
3rd Q	2.4	-4.9	2.5	7.3
4th Q	-5.2	-6.5	-4.2	0.2
1986: 1st Q	5.5	4.8	-0.8	10.7
2nd Q	25.5	29.6	23.9	40.3
3rd Q	8.1	6.0	7.7	18.2
4th Q	7.4	15.0	9.6	21.1
1987: Jan-Feb	1.1	10.9	0.6	9.1

1/ Data prior to 1981 are not comparable to later figures due to revisions. Beginning in 1984, sample size changed from 20 to 10 percent.

Source: Hawaii Visitors Bureau.

Table 6-3.-- HOTEL OCCUPANCY RATES, BY AREA: 1985 AND 1986

[Percent; survey excludes some large hotel chains]

Date	State	Oahu	Hawaii Island	Maui Island	Kauai Island
1985 Annual:	77.6	81.9	58.5	78.2	67.1
January	84.0	91.9	64.4	82.2	65.0
February	92.9	95.4	83.3	95.3	85.2
March	87.1	89.7	71.7	91.2	84.0
April	73.4	75.3	56.4	82.5	65.3
May	67.4	70.7	46.3	74.8	60.5
June	66.3	75.8	38.9	62.9	53.2
July	76.3	84.8	53.8	71.1	66.0
August	82.1	86.7	64.5	83.8	72.9
September	69.2	75.6	44.8	70.5	59.6
October	75.9	79.5	63.2	78.6	66.1
November	76.5	81.5	59.9	78.1	64.8
December	68.7	74.8	49.0	66.6	52.7
1986 Annual:	81.7	85.4	62.8	81.5	77.6
January	81.8	84.1	68.3	83.1	84.0
February	92.6	95.5	81.8	92.3	91.3
March	86.5	89.9	69.0	90.5	81.2
April	80.7	82.4	60.7	90.2	76.4
May	77.5	79.9	55.6	83.5	80.0
June	78.0	86.4	51.4	77.9	66.8
July	79.5	85.3	53.1	82.9	74.5
August	87.3	91.9	66.9	84.7	83.1
September	72.8	76.1	52.7	72.8	71.4
October	77.4	78.1	65.6	80.3	79.2
November	81.1	84.2	64.4	81.8	76.4
December	71.8	77.3	57.7	67.2	59.7

Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

Table 6-4.-- VISITOR ACCOMMODATIONS IN HAWAII, BY TYPE: 1976 TO 1986

[As of February]

Year and island	Properties			Units		
	Total	Hotels 1/	Condominiums 2/	Total	Hotels 1/	Condominiums 2/
1976	314	(NA)	(NA)	42,648	(NA)	(NA)
1977	335	(NA)	(NA)	44,986	39,901	5,085
1978	353	(NA)	(NA)	47,070	40,001	7,069
1979	381	(NA)	(NA)	49,832	41,299	8,533
1980	387	(NA)	(NA)	54,246	42,609	11,637
1981	412	214	198	56,769	42,575	14,194
1982	417	208	209	57,968	43,568	14,400
1983	426	218	208	58,765	45,352	13,413
1984	443	209	234	62,448	44,846	17,602
1985	481	207	274	65,919	44,115	21,804
1986	523	201	322	66,308	43,309	22,999
ISLANDS: 1986						
Oahu	207	105	102	39,010	29,172	9,838
Waikiki 3/	177	88	89	34,650	25,920	8,730
Rest of Oahu	30	17	13	4,360	3,252	1,108
Other islands	316	96	220	27,298	14,137	13,161
Hawaii	81	31	50	7,280	5,228	2,052
Kauai	77	29	48	5,922	3,348	2,574
Maui	150	33	117	13,451	5,231	8,220
Molokai	7	2	5	635	320	315
Lanai	1	1	-	10	10	-

NA Not available.

1/ Hotels, apartment hotels, motels, and cottages. Excludes condominium properties.

2/ Condominium accommodations in rental pools for transient use.

3/ Includes Diamond Head and Kahala but not areas ewa and mauka (west and north) of the Ala Wai Canal. The 88 hotel properties include 61 hotels (with 24,733 units), 26 apartment hotels (with 1,175 units), and 1 cottage facility (with 12 units).

Source: Hawaii Visitors Bureau, Visitor Plant Inventory, 1976 to 1986.

Table 6-5.-- AVERAGE DAILY HOTEL ROOM RATES, BY ISLANDS: 1970 TO 1986

[Dollars]

Year	State	Oahu	Hawaii	Maui	Kauai
1970	25.74	(NA)	(NA)	(NA)	(NA)
1975	29.75	(NA)	(NA)	(NA)	(NA)
1976	29.54	26.70	30.52	37.61	34.51
1977	34.28	31.87	33.08	42.59	38.45
1978	38.56	35.90	36.70	47.86	42.25
1979	44.40	41.42	41.44	57.15	47.75
1980	47.37	42.70	46.40	61.34	55.16
1981	49.87	43.16	47.16	73.44	56.06
1982	51.78	44.80	47.37	75.02	58.48
1983	55.58	47.62	50.49	81.60	59.75
1984	59.25	49.45	57.17	88.89	65.05
1985	65.66	57.00	65.35	96.75	69.51
1986	73.20	62.13	75.19	113.66	75.37
	Percent change from previous year				
1976	-0.7	(NA)	(NA)	(NA)	(NA)
1977	16.1	19.4	8.4	13.2	11.4
1978	12.5	12.7	10.9	12.4	9.9
1979	15.2	15.4	12.9	19.4	13.0
1980	6.7	3.1	12.0	7.3	15.5
1981	5.2	1.1	1.6	19.7	1.6
1982	3.8	3.8	0.4	2.2	4.3
1983	7.4	6.3	6.6	8.8	2.2
1984	6.6	3.8	13.2	8.9	8.9
1985	10.8	15.3	14.3	8.8	6.9
1986	11.5	9.0	15.1	17.5	8.4

NA Not available.
Source: Pannell Kerr Forster & Company, Trends in the Hotel Industry, Hawaii.

7. Construction

The cyclical nature of construction activity is evident in the graph below. Declining interest rates boosted expenditures starting from the third quarter of 1985, after a four-year downturn caused by high interest rates and numerous labor disputes.

The upswing in the construction industry is reflected in other indicators. Construction employment (Table 4-2) has recorded impressive gains in 1985 and 1986, increasing by 8.8 and 10.4 percent, respectively. Correspondingly, construction income soared 27.2 percent in 1986 (Table 3-3) compared to almost no growth during the 1980 to 1985 period.

Figure 7-1

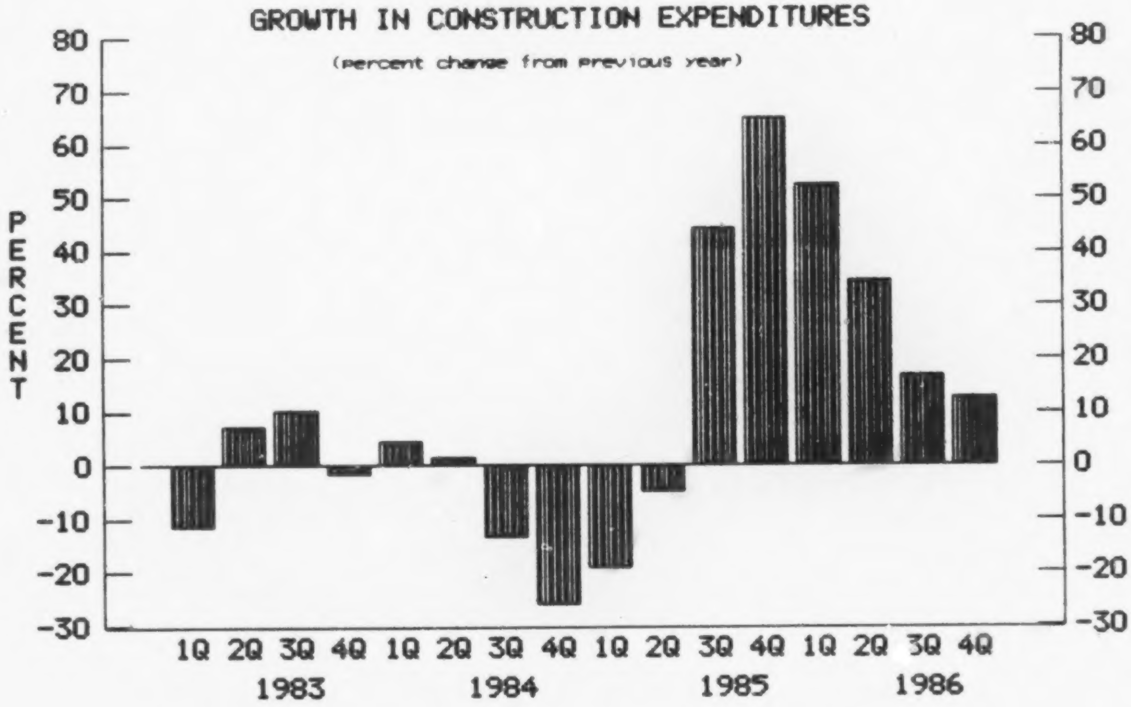


Table 7-1.-- ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED, HAWAII: 1980 TO 1986

[Millions of dollars]

Year	Value of construction completed 1/	Private building authorizations				Government contracts awarded
		Total private authorization	Residential	Commercial and industrial 2/	Additions and alterations	
1980	1,569.7	1,219.2	680.2	331.5	207.5	230.6
1985	1,429.6	889.0	500.1	208.8	180.1	248.5
1986 3/.......	1,810.0	986.2	430.5	259.6	296.1	425.1
1985: 1st Q ..	268.6	195.6	130.0	30.1	35.9	52.1
2nd Q ..	347.4	226.9	158.3	25.4	43.1	51.4
3rd Q ..	428.7	219.5	120.6	52.4	46.6	65.3
4th Q ..	384.8	246.5	91.1	100.9	54.5	79.7
1986: 1st Q ..	409.5	245.0	124.6	69.5	51.0	79.8
2nd Q ..	467.6	220.8	94.3	65.5	61.1	114.1
3rd Q ..	500.0	355.8	135.4	86.8	133.6	159.6
4th Q 3/	432.9	164.5	76.2	37.9	50.5	71.1
	Percent change from corresponding period in previous year					
1980	16.9	39.4	27.1	53.8	67.2	-40.7
1985	16.5	52.9	52.6	100.8	20.2	-39.6
1986 3/.......	26.6	15.7	-10.6	32.7	68.7	71.1
1985: 1st Q ..	-19.1	34.1	72.3	-6.7	-5.4	-20.8
2nd Q ..	-4.8	44.1	71.0	-14.7	23.4	-58.8
3rd Q ..	44.2	61.4	65.2	116.5	19.8	-22.4
4th Q ..	65.2	73.3	5.1	422.8	50.6	-41.8
1986: 1st Q ..	52.4	25.3	-4.2	130.6	42.1	53.1
2nd Q ..	34.6	-2.7	-40.4	157.5	41.8	121.9
3rd Q ..	16.6	62.1	12.3	65.6	186.7	144.5
4th Q 3/	12.5	-21.7	5.3	-56.8	-7.4	-10.1

1/ Value of construction subject to State excise tax. Tax data adjusted to reflect reporting delay of about one month.

2/ Includes hotels.

3/ Excludes Maui County building authorizations for the fourth quarter. Percent computations based on comparable periods and coverage.

Source: Hawaii State Department of Taxation; County building departments; Trade Publishing Co., Building Industry Digest: BID Service Weekly; and First Hawaiian Bank.

Table 7-2.-- ESTIMATED VALUE OF PRIVATE BUILDING CONSTRUCTION AUTHORIZATIONS, BY COUNTY: 1980 TO 1986

[Millions of dollars]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	1,219.2	686.3	146.0	133.3	253.7
1981	802.0	454.1	136.5	67.7	143.7
1982	683.1	473.0	75.2	44.2	90.7
1983	685.2	366.8	86.7	140.5	91.3
1984	581.5	378.3	90.3	53.0	59.8
1985	889.0	524.8	121.3	63.9	178.9
1986 1/.......	986.2	546.4	231.4	93.2	115.2
1985: 1st Q ..	195.6	119.2	46.0	14.6	16.3
2nd Q ..	226.9	96.8	19.9	15.2	95.1
3rd Q ..	219.5	138.3	31.2	18.9	31.1
4th Q ..	246.5	170.6	24.2	15.2	36.5
1986: 1st Q ..	245.0	150.9	22.0	42.1	29.9
2nd Q ..	220.8	113.2	58.4	16.0	33.2
3rd Q ..	355.8	165.4	119.3	19.2	52.0
4th Q 1/	164.5	116.9	31.7	15.9	(NA)
	Percent change from corresponding period in previous year				
1980	39.4	36.9	30.1	17.1	72.0
1981	-34.2	-33.8	-6.5	-49.2	-43.4
1982	-14.8	4.2	-44.9	-34.7	-35.0
1983	0.3	-22.4	15.3	217.5	0.6
1984	-15.1	3.1	4.3	-62.3	-34.4
1985	52.9	38.7	34.3	20.5	199.0
1986 1/.......	15.7	4.1	90.7	45.9	-19.2
1985: 1st Q ..	34.1	32.3	95.0	-9.5	2.4
2nd Q ..	44.1	-14.9	8.3	33.6	578.4
3rd Q ..	61.4	66.6	44.9	27.7	86.2
4th Q ..	73.3	86.5	-9.8	42.3	176.1
1986: 1st Q ..	25.3	26.6	-52.4	188.3	83.7
2nd Q ..	-2.7	16.9	194.1	5.4	-65.1
3rd Q ..	62.1	19.6	282.4	1.2	67.2
4th Q 1/	-21.7	-31.5	30.7	4.9	(NA)

1/ Excludes Maui County building authorizations for the fourth quarter.

NA Not available.

Source: County building departments.

Table 7-3.-- ESTIMATED VALUE OF GOVERNMENT CONSTRUCTION CONTRACTS AWARDED IN HAWAII, BY AWARDING AGENCY: 1980 TO 1986

[Millions of dollars]

Year	Total	Federal	State	County
1980	230.6	66.5	120.0	44.1
1981	427.5	176.1	180.5	70.9
1982	392.7	139.6	182.0	71.2
1983	277.9	84.7	126.8	66.4
1984	411.8	130.0	196.7	85.1
1985	248.5	74.8	93.8	79.9
1986	425.1	101.9	205.4	117.8
1985: 1st Q	52.1	7.4	7.9	36.8
2nd Q	51.4	15.9	27.3	8.3
3rd Q	65.3	7.3	33.6	24.4
4th Q	79.7	44.2	25.0	10.4
1986: 1st Q	79.8	13.9	47.6	18.3
2nd Q	114.1	6.9	48.7	58.4
3rd Q	159.6	38.1	90.8	30.7
4th Q	71.6	36.2	119.1	47.4
	Percent change from corresponding period in previous year			
1980	-40.7	-37.1	-45.7	-28.8
1981	85.4	164.8	50.5	60.6
1982	-8.1	-20.7	0.8	0.4
1983	-29.3	-39.3	-30.3	-6.7
1984	48.2	53.4	55.1	28.2
1985	-39.6	-42.4	-52.3	-6.2
1986	71.1	36.2	119.1	47.4
1985: 1st Q	-20.8	-14.3	-79.6	101.2
2nd Q	-58.8	-52.2	-65.1	-39.4
3rd Q	-22.4	23.7	-43.2	23.2
4th Q	-41.8	-46.2	17.4	-68.8
1986: 1st Q	53.1	87.3	500.6	-50.3
2nd Q	121.9	-56.6	78.9	603.6
3rd Q	144.5	421.5	170.2	25.8
4th Q	-10.1	-2.7	-26.7	-1.1

Source: Trade Publishing Co., Building Industry Digest: BID Service Weekly and First Hawaiian Bank, Research Division.

Table 7-4.-- NUMBER OF SINGLE-FAMILY AND MULTI-FAMILY HOUSING UNITS AUTHORIZED BY COUNTY: 1980 TO 1986

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Single family units (including duplexes):					
1980	4,058	1,645	1,204	401	808
1981	2,649	728	1,048	409	464
1982	2,285	725	800	230	530
1983	3,417	1,627	938	291	561
1984	4,442	2,513	928	361	640
1985	4,951	2,436	1,046	453	1,016
1986 1/........	4,486	2,173	1,144	438	731
1985: 1st Q	802	329	239	85	149
2nd Q	1,236	650	251	88	247
3rd Q	1,644	841	318	181	304
4th Q	1,269	616	238	99	316
1986: 1st Q	925	368	266	72	219
2nd Q	1,226	560	320	114	232
3rd Q	1,354	659	281	134	280
4th Q 1/ .	981	586	277	118	(NA)
Multi-family units (3 or more units per structure):					
1980	6,603	3,297	727	766	1,813
1981	3,142	1,873	270	64	935
1982	4,594	4,109	245	118	122
1983	1,341	1,220	38	73	10
1984	1,021	829	153	35	4
1985	2,450	1,807	128	84	431
1986 1/.........	2,163	1,986	21	-	166
1985: 1st Q	1,151	976	124	44	7
2nd Q	696	316	-	-	380
3rd Q	291	217	-	40	34
4th Q	312	298	4	-	10
1986: 1st Q	1,247	1,207	-	-	40
2nd Q	299	289	-	-	10
3rd Q	509	403	-	-	106
4th Q 1/ .	108	87	21	-	(NA)

NA Not available.
1/ Excludes Maui County building authorizations for the fourth quarter.
Source: County building departments.

Table 7-5.-- HONOLULU CONSTRUCTION COST INDEXES: 1980 TO 1986

[1967=100]

Year	Single-family residence			High-rise building		
	All components	Material prices	Labor 1/	All components	Material prices	Labor 1/
1980	283.2	263.8	307.8	290.1	270.5	307.1
1981	291.2	254.2	337.9	308.2	274.6	337.4
1982	304.7	250.6	373.0	330.3	281.4	372.7
1983	331.5	276.5	400.9	352.1	294.6	402.0
1984	348.2	281.4	432.5	367.2	294.5	430.2
1985	357.6	286.7	447.1	375.2	295.8	444.0
1986	369.9	294.6	464.7	385.9	298.5	461.4
1985: March	352.6	281.8	442.0	370.1	291.5	438.3
June	356.3	288.4	442.0	373.1	297.0	439.1
Sept.	364.5	291.1	457.1	382.5	299.5	454.4
Dec.	363.0	287.5	458.3	381.1	295.7	455.1
1986: March	365.3	290.3	460.0	384.4	301.4	456.3
June	368.9	296.7	460.0	384.4	301.4	456.3
Sept.	374.8	297.7	472.2	392.4	303.5	469.6
Dec.	372.1	290.6	475.0	384.2	281.4	473.3
	Percent change from corresponding period in previous year					
1980	6.4	6.2	6.6	9.8	13.8	6.8
1981	2.8	-3.6	9.8	6.3	1.5	9.9
1982	4.6	-1.4	10.4	7.2	2.5	10.5
1983	8.8	10.4	7.5	6.6	4.7	7.8
1984	5.0	1.8	7.9	4.3	0.0	7.0
1985	2.7	1.9	3.4	2.2	0.4	3.2
1986	3.4	2.8	3.9	2.8	0.9	3.9
1985: March	1.3	-0.4	2.8	0.7	-1.5	2.1
June	2.6	2.9	2.4	1.6	1.0	2.0
Sept.	3.5	3.4	3.6	3.3	2.0	4.1
Dec.	3.6	3.1	3.9	3.3	1.4	4.3
1986: March	3.6	3.0	4.1	3.9	3.4	4.1
June	3.5	2.9	4.1	3.0	1.5	3.9
Sept.	2.8	2.3	3.3	2.6	1.3	3.3
Dec.	2.5	1.1	3.6	0.8	-4.9	4.0

1/ Includes wages and benefits.
Source: First Hawaiian Bank, Research Division.

Table 8-1.-- RECENT ECONOMIC AND DEMOGRAPHIC TRENDS: STATE OF HAWAII

Series 1/	Unit	Period 2/	Number	Percent change from same period in previous year
Resident population	Persons	7/1/85	1,053,900	1.6
City and County of Honolulu	Persons	7/1/85	814,600	1.5
Hawaii County	Persons	7/1/85	109,200	1.9
Kauai County	Persons	7/1/85	44,800	1.4
Maui County	Persons	7/1/85	85,300	2.2
Personal income	$ Million	3rd Q	15,509	6.0
Consumer price index (Honolulu)				
All items	(1967=100)	Jan-Dec	301.1	2.4
Food prices	(1967=100)	Jan-Dec	327.2	2.1
Construction				
Private permits 3/	$ Million	Jan-Dec	986.2	15.7
Residential permits	$ Million	Jan-Dec	430.5	-10.6
New single-family units	Number	Jan-Dec	4,486	-3.2
New multi-family units	Number	Jan-Dec	2,163	-11.4
Commercial & industrial	$ Million	Jan-Dec	259.6	32.7
Additions & alterations	$ Million	Jan-Dec	296.1	68.7
Government contracts awarded	$ Million	Jan-Dec	425.1	71.1
Construction cost indexes (Hon.)				
Single family	(1967=100)	Jan-Dec	369.9	3.4
High-rise buildings	(1967=100)	Jan-Dec	385.9	2.8
Employment				
Civilian labor force	Persons	Jan-Dec	488,000	2.1
Civilian employment	Persons	Jan-Dec	465,000	3.1
Civilian unemployment	Persons	Jan-Dec	24,000	-11.1
Unemployment rate	Percent	Jan-Dec	4.8	-
Total jobs	Number	Jan-Dec	485,400	2.6
Visitor industry				
Total visitors	Number	Jan-Dec	5,606,980	14.8
Westbound	Number	Jan-Dec	4,256,390	14.8
Eastbound	Number	Jan-Dec	1,350,590	14.9
Visitor expenditures (p)	$ Million	1986	5,614	14.9
Hotel units	Number	February	66,308	0.6
Defense expenditures	$ Million	Jan-Dec.	1,784.9	-9.2
Sugar production	$ Million	1985	340.8	-13.3
Pineapple sales	$ Million	1985	222.5	-10.8

p Provisional estimates.
1/ Statewide data unless indicated otherwise.
2/ Data for 1986 unless otherwise noted.
3/ Excludes October-September data for Maui County.

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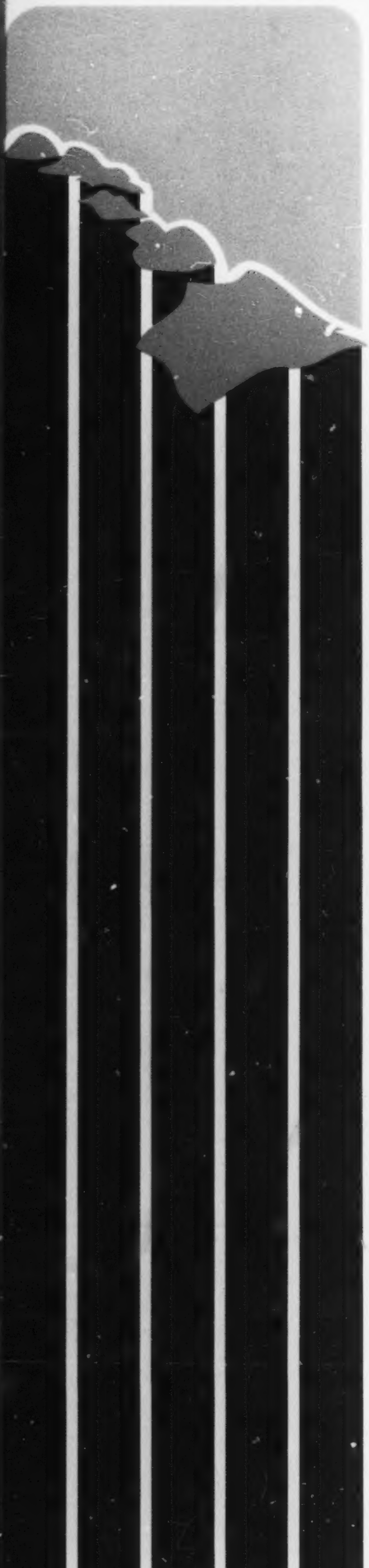

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QUARTERLY

STATISTICAL & ECONOMIC REPORT

RESEARCH & ECONOMIC ANALYSIS DIVISION

- Foreign Direct Investment in Hawaii: Opportunity or Threat?
- The Economy-Trends & Outlook
- Statistical Tables

2ND & 3RD QUARTERS 1987

STATE OF HAWAII 1959

This quarterly report has been prepared by the Research and Economic Analysis Division of the State Department of Business and Economic Development (DBED). It presents information and analysis concerning current statistical and economic trends affecting Hawaii. Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division will be happy to respond to any inquiries of a technical nature that readers may have (548-3062).

The report was prepared under the direction of Dr. Richard Y. P. Joun, Head, Research and Economic Analysis Division, by Robert Shore, Karen Yamashita, Sharon Nishi and Tu Duc Pham.

This report has been cataloged as follows:

Hawaii. Dept. of Business and Economic Development. Research and Economic Analysis Division
Quarterly statistical and economic report — State of Hawaii.
Honolulu: June 1975–

Quarterly.

1. Hawaii-Statistics.
HA4007.H359

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1. FOREIGN DIRECT INVESTMENT IN HAWAII: OPPORTUNITY OR THREAT?

Introduction

The sharp increase of foreign direct investment in Hawaii, mostly by Japan, during the last two years has, as one newspaper has put it, "aroused general interest, growing concern, and, in some cases, outright alarm."[1] There also seems to be some confusion and uncertainty about the total magnitude of investments, causes of foreign investment increase, possible economic and social impacts, and the public policies toward them. The purpose of this chapter is, therefore, to review the current situation on the subject and discuss some of the economic impacts of foreign investments in Hawaii.

Magnitude of Foreign Direct Investment

The official data on foreign direct investment in the U.S. are published by the Bureau of Economic Analysis, U.S. Commerce Department. Unfortunately, they are only available on the national level and no state-by-state breakdown is available. In Hawaii, there are no state reporting requirements for foreign investment; and the amounts of individual transactions involving foreign nationals are primarily obtained from public sources such as newspapers, magazines, and business and trade journals and are compiled by the International Services Branch (ISB) of the Department of Business and Economic Development (DBED). The total amount of foreign investment is, therefore, underestimated since small and noncommercial transactions, such as purchases of individual condominium units or houses, are rarely included.

On the other hand, the value of transactions involving foreign investments in Hawaii does not entirely represent new foreign capital which comes directly from foreign countries. A previous study by Dr. H. Robert Heller indicated that approximately 49 percent of Japanese investment funds in Hawaii came directly from Japan in the form of equity or loan. However, 51 percent of funds involving foreign investments came from the domestic capital market. Of this, approximately 37 percent was borrowed in U.S. financial markets with the remaining 14 percent representing equity participation of U.S. partners.[2] The amount of new capital inflow directly from foreign countries is therefore less than the total value of transactions involving foreign investments in Hawaii.

Direct surveys of foreign companies are more comprehensive than the current method of compiling published reports, but are expensive and time consuming. They are therefore done infrequently, the most recent being done in 1976. Given this inadequacy of data, there are a number of different estimations on the total amount of foreign investments in Hawaii as reported by the news media.

Foreign investment information obtained by the ISB staff from published information showed that total completed foreign investment in Hawaii (the cumulative value of foreign investments at the end of 1986) was about $3.4 billion, of which $1.051 billion was invested during 1986.[3] It also showed that Japanese investments have been predominant, accounting for about 78 percent of total cumulative foreign investments through 1986 and 95 percent of all foreign investments in 1986. Most foreign investments are concentrated in hotels and real estate sectors. Hotels, other real estate, and condominium sectors account for $2.9 billion of total cumulative foreign investments in Hawaii through 1986, 87 percent of all cumulative foreign investments. The three categories also accounted for 92 percent of all foreign investments in 1986 or almost $1 billion.

From the ISB data on foreign investments in Hawaii, we can conclude tentatively that:

a. There has been a 750 percent increase in foreign investments, mostly from Japan, in 1986 over 1985.

b. Most of the foreign investments are concentrated in hotel and real estate sectors. These categories accounted for 87 percent of total cumulative investments and over 92 percent of all 1986 foreign direct investments.

c. The Japanese investments represented 78 percent of total cumulative investment and 95 percent of 1986 foreign investments.

d. Most foreign investments represent direct investment in physical assets or stock ownership rather than portfolio investments such as securities purchases.

It is interesting to compare foreign investments in Hawaii with that of the United States as a whole. Although there has been a sharp increase in foreign direct investments from Japan in recent years, the Japanese direct investments still represent a relatively small portion of the total foreign direct investment in the U.S. New direct investment in the U.S. by Japan amounted to $4.12 billion in 1986, a 21.3 percent increase over 1985; but the total value of all direct investment in the U.S. by Japan amounted to only $23.4 billion in 1986.[4] This represents 11.1 percent of the total direct investment by all countries in the United States, which amounted to $209.3 billion. Most of the Japanese investments in the U.S. are concentrated in wholesale trade, manufacturing, and banking sectors. The value of real estate investments was $944 million in 1986, or 23 percent of total Japanese investments in the U.S. during 1986. As indicated earlier, the cumulative foreign direct investment position of Japan in the U.S. was $23.4 billion as of 1986, of which real estate accounted for $2.48 billion or 10.6 percent. Some caution, however, must be exercised in comparing foreign direct investments data between Hawaii and the U.S. The value of foreign direct investments data, as compiled in Hawaii, represents the gross value of transactions as stated before. The data on divestment, liquidation, reinvested earnings, and intercompany debts (changes in U.S. affiliates' payables and receivables) are not accounted for in Hawaii's estimates. The U.S. data by U.S. Commerce Department, Bureau of Economic Analysis, represent net capital inflow. In other words, changes in equity capital have been added with re-invested earnings and net intercompany debt in estimating U.S. capital inflows.

Causes for Increase in Foreign Investments

The accumulation of capital in Japan and the increase in the exchange value of the yen are usually given as reasons for the increase of Japanese foreign direct investments in the U.S. Certainly, Japan experienced a large increase in its current account trade balance in balance of payment and the value of yen appreciated beginning in 1986. The increase in the current account trade balance and appreciation of the yen explain the increased long-term capital outflow from Japan, but changes in foreign direct investments which is only a component of all capital outflows cannot be explained entirely by the monetary variables alone. The foreign direct investments represented only $15.2 billion (less than 11 percent) of the total Japanese long-term capital outflow of $144.6 billion in 1986. The bulk of the long-term capital outflow takes the form of portfolio (securities) investments and loans. Net acquisition of foreign bonds by Japanese residents has thus continued to rise, reaching $99 billion in 1986.[5] Although data on Japanese portfolio investments by different currencies are not known, purchases of securities in the U.S. market accounted for 78 percent of total portfolio investments by Japan in 1985.

Foreign direct investments require the calculation of profitability for a long-term basis in addition to the consideration involving short-term currency value changes. For example, although Japanese purchases of hotels in Hawaii have increased sharply during the last two years, Japanese investment in hotels actually began more than 24 years ago when Kokusai Kogyo Company of Japan purchased Princess Kaiulani, Surfrider, and Moana hotels with a total of 903 rooms in 1963. Japanese investments in Hawaii have increased continuously since that time. As Table 1-1 shows, Japanese-owned hotel and visitor-used condominium units have increased from 4,576 units in 1973 to 17,192 units in 1986. Total hotel and visitor-used condominium units in Hawaii during the same 13-year period have increased from 36,608 to 66,308 units, or 180 percent, whereas the Japanese-owned units have increased more than 400 percent. As a result, the share of Japanese-owned hotel and visitor-used condominium units in Hawaii has increased from 12.5 percent to 25.9 percent during the 1973–1986 period. The continual increase in Japanese investments in hotels in Hawaii also reflects the continued increase in Japanese tourists to Hawaii. As Table 1-2 shows, the number of Japanese tourists has increased more than three times, from 300,000 in 1973 to 944,000 in 1986, whereas the total number of tourists, both domestic and foreign, has only slightly doubled during the same time period from 2.6 million to 5.6 million.

Japanese investments in Hawaii hotels have been profitable in the past, as inferred from their continued expansion and acquisition of hotels in Hawaii. They have also gained a solid foundation of experience and knowledge about operating hotels in Hawaii. In short, the attractiveness of investment opportunities in Hawaii, especially in hotels, seems to be the main reason for continued increases in Japanese investments in Hawaii. The recent upsurge merely indicates an acceleration of their investment to take advantage of the attractive financing rates and availability of funds. The fundamental reason for continued increases in Japanese investments in Hawaii, therefore, appears to be more the long-term profitability and attractiveness of hotel properties in Hawaii rather than the short-term changes in the balance-of-payments situation or exchange rate changes in Japan.

Economic Impact

It appears that a considerable amount of uncertainty and misunderstanding has recently been generated with respect to the possible economic impacts of Japanese direct investments in Hawaii.

Although the public generally recognizes the positive economic benefits on Hawaii's income, jobs, and tax revenues, there seem to be some apprehension and uncertainty about the possible adverse impacts resulting from a sharp increase in Japanese investments.

Among those apprehensions are:

a. Overdependence on Japanese investments could be damaging if economic conditions in Japan or elsewhere should cause an abrupt withdrawal of capital.

b. Inflation of Hawaii's home prices could accelerate as a result of Japanese purchases.

c. Possible increases in hotel rates could occur in the future due to the higher purchase prices paid by Japanese investors.

d. A possible fall in the value of yen in the future could have an adverse impact on Japanese tourist arrivals and on the local economy.

In addition, some further concerns have been expressed, such as:

e. Economic benefits do not accrue to Hawaii in the purchase of an existing asset.

f. Some profits from foreign-owned enterprises are repatriated out-of-State rather than reinvested in Hawaii.

g. Increased control of Hawaii's hotels by foreign interest might result in the concentration of economic power in the hand of foreign investors.

h. There may be excessive concentration of foreign direct investment in the visitor industry and increased overdependency of Hawaii's economy on tourism.

Based on these concerns, there have been recommendations that the State develop more "discriminating" policies and plans toward foreign investments in Hawaii to prepare for possible adverse effects. For example, it is argued that policies should be developed to encourage more reinvestment of profits back into Hawaii to support new investment, as opposed to the purchase of existing assets and encourage diversification on the type of investments as well as their location in Hawaii, etc.

Most of these concerns and recommended policies may stem from misunderstanding about the nature of economic forces influencing foreign direct investment, the potential impact of that investment, and past State policies on foreign investment. First of all, the argument that the State government should develop "discriminating" policies toward foreign investment that differ from domestic investment policies conflicts with the U.S. Constitution (Article 1, Section 8-3) which explicitly gives the power to regulate or restrict foreign commerce to the U.S. Congress, not to State government. In other words, State government does not have the power to regulate foreign investment.

Second, the economic impacts of particular foreign investments are exactly the same as had they been made by domestic investors. For example, the magnitude of the foreign-investment multiplier is exactly the same as the domestic-investment multiplier since the multiplier impacts of any investment depend on the type of investment and not on the type of investor, whether foreign or domestic. It is, therefore, misleading to differentiate between foreign and domestic multiplier impacts of investments in the local economy.

As to the several specific concerns cited above, the following clarifications should be made:

a'. The concern that overdependence on Japanese investment may be damaging if economic conditions in Japan causes an abrupt withdrawal of capital is groundless. First of all, Japanese investment, although significant in 1986, is still relatively small compared with the total investment (domestic and foreign) which has been made in Hawaii. As discussed previously, Japanese hotel ownership accounted for less than 26 percent of the total in 1986 in spite of the significant increase in Japanese investment in hotel properties during 1986. Japanese investment in other sectors of Hawaii's economy is very limited. Second, Japanese direct investment in Hawaii is long-term equity investment based on the careful calculation of long-term profitability of the hotel industry in Hawaii. Short-term changes in the Japanese economy, therefore, will not result in the quick divestment by Japanese hotel owners since the investment time horizon is long-term and not short-run. Most of the portfolio investments in the U.S. securities by Japanese investors are, however, short-term investments. Any changes in economic conditions, especially in interest and exchange rates, could cause withdrawal of these portfolio investments.

b'. Home prices in certain areas in Honolulu have definitely been affected by Japanese investment. But the purchase of homes by the Japanese seem to be mostly confined to a few selected and expensive neighborhood areas, and the total amount of Japanese investment in Hawaii's residential properties is probably very small on a statewide basis, although the exact magnitude cannot be ascertained.

c'. Since Japanese hotel ownership accounts for less than 26 percent of the total hotel units in Hawaii, they do not have much monopoly power to raise the hotel rates. Hotel rates will be decided by supply and demand in the worldwide tourism marketplace. Japanese hotel owners, therefore, cannot charge higher hotel rates simply because they paid higher prices for hotel properties in Hawaii and want to raise the hotel rates.

d'. If the value of the yen falls in the future and other economic changes take place in the Japanese economy, it will certainly have an adverse impact on Japanese tourist arrivals in Hawaii. Japanese tourists have provided a stabilizing influence on Hawaii's visitor industry. When, in the past, visitors from the U.S. Mainland have declined as the result of recessions, Japanese tourists have generally compensated for the loss of tourists from the U.S. Mainland. Overall, diversification of the tourism market, whether it be from increased Canadian or Japanese visitors, helps to stabilize tourism arrivals rather than destabilize them.

e'. Economic benefits can accrue to the State's economy even if foreign direct investment takes the form of acquiring existing assets. As Dr. H. Robert Heller, currently a member of the Federal Reserve Board, pointed out in his 1973 study, the economic impact in the case of "takeover" investment depends on how the seller will use his funds.[6] For example, if the seller uses funds to invest in Hawaii, the economic benefits of "takeover" investment will be almost the same as the new foreign investment. On the other hand, if the seller uses funds for new investments or for noninvestment purposes outside of Hawaii, there may be no change or net decrease in State income. If the seller uses funds for noninvestment purposes in Hawaii, the stock of capital in Hawaii stays constant and the outcome of such events depends on the precise form of spending and the size of the multiplier effects.

f'. Whether profits from foreign-owned enterprises will be repatriated out-of-State rather than reinvested locally in Hawaii depends on the economic conditions and relative profitability of investments in Hawaii versus other regions. It is a decision that will be made by the owners of the capital based solely on economic factors. The only way for the State to assure reinvestment of profits in a local economy is to provide sufficient economic incentives to do so.

g'. As it was pointed out earlier, the increase in Japanese investment in Hawaii's hotels has not resulted in a significant concentration of economic power which may lessen the competitiveness of the visitor industry. If, for example, foreign ownership of hotels in Hawaii exceeds more than 50 percent, we should be concerned about such possible concentration of economic power.

h'. The concentration of foreign investment exclusively in the visitor industry and increased overdependency of Hawaii's economy on tourism should be a matter of concern for Hawaii. However, such a concern should be addressed to all investments, whether they are domestic or foreign, rather than just singling out foreign investors. The diversification of Hawaii's economy will depend more on economic forces rather than any "discriminating" government policies toward foreign investments.

In general, the United States became a debtor country for the first time in its modern history in 1985 when foreign assets in the U.S. exceeded U.S. assets abroad by $113 billion. The amount of foreign assets in the U.S. increased further during 1986 reaching $1.331 trillion and that of U.S. assets abroad was $1.068 trillion. It is, however, comforting to know that the direct investment position of the U.S. abroad still exceeded the total foreign direct investment position in the U.S. by about $51 billion in 1985. The U.S. direct investment position abroad was $260 billion, whereas the foreign direct investment position in the U.S. was $209 billion in 1986.

Social Impacts

Although there are overall economic benefits to Hawaii's economy resulting from foreign investment, the distribution of benefits, however, varies for different groups in the community. The most and immediate benefits will obviously accrue to the sellers of properties to foreign investors. Some of Hawaii's residents, however, may not receive much benefit or may even be adversely affected by increased property prices, competition, or displacement, as a result of ownership changes or increased investment activities. However, it is important to point out that such uneven distributional impacts will occur regardless of the origin of investment funds, whether it is domestic or foreign. Unfortunately, foreign investment attracts more attention and scrutiny than domestic investment.

A public-opinion poll, taken in 1981 by DBED, indicated general approval of foreign investments (50.4 percent), but 30.6 percent of the Honolulu residents did not want to encourage foreign investments in Hawaii.[7] The previously cited H. Robert and Emily E. Heller study in 1973, which was done in response to the Hawaii State Legislature (S.R. No. 21, Seventh Legislature, 1973), also showed that there were significant variations in attitudes toward Japanese investment by place of birth, ethnicity, age, and sex. A majority of Hawaii-born persons (50.6 percent) viewed Japanese investment as beneficial but only 39.7 percent of Mainland-born Hawaii residents felt that Japanese investment was beneficial. Forty-five percent of Hawaii's residents born on the Mainland, on the other hand, felt that Japanese investment was harmful.

Among the different ethnic groups, 63 percent of Hawaiians and Part-Hawaiians strongly opposed Japanese investment. Caucasians were evenly split, and the ethnic Japanese were in favor of the existing investment but split on the desirability of future investment. The difference in attitudes toward Japanese investment by ethnic groups may represent ethnic preference but also may reflect the uneven distribution of economic benefits resulting from Japanese investment.

[1] *Honolulu Star-Bulletin*, April 17, 1987.

[2] *The Economic and Social Impact of Foreign Investment in Hawaii*, by H. Robert and Emily E. Heller. University of Hawaii, December 1973, p. 62.

[3] "A Listing of Foreign Investments in Hawaii," International Business Series No. 49, DPED, State of Hawaii, December 31, 1986.

[4] *Survey of Current Business*, U.S. Department of Commerce, August 1987, Table 1, p.85.

[5] The Bank of Japan, Foreign Department, *Balance of Payments Monthly*, March 1987.

[6] *Op cit.*, pp. 46-49.

[7] "What Hawaii's People Think of Foreign and Mainland Investments in the Islands," Hawaii International Services Agency, DPED, June 1981.

Table 1–1
JAPANESE-OWNED HOTEL AND CONDOMINIUM UNITS IN HAWAII: 1973, 1977, AND 1986

Year	Total units	Japanese-owned units	Percentage
1973	36,608	4,576	12.5
1977	44,986	6,525	17.6
1986	66,308	17,192	25.9

Source: Department of Business and Economic Development.

Table 1–2
NUMBER OF JAPANESE VISITORS TO HAWAII

Year	Total (1)	U.S. visitors (2)	Japanese visitors (3)	Percentage (3) / (1)
1970	1,514,500	1,120,000	131,500	8.6%
1973	2,630,000	1,953,000	300,000	11.4
1977	3,435,000	2,360,000	440,000	12.8
1986	5,607,000	3,739,000	944,000	16.8

Source: Hawaii Visitors Bureau.

2. THE ECONOMY — RECENT TRENDS AND OUTLOOK

Despite a lower than expected growth in tourism for 1987, Hawaii's economy continued to perform at a moderately robust pace into the third quarter of 1987. By contrast, the U.S. economy continued to limp along at a modest pace as consumers and business faced an upturn in interest rates and inflation which occurred in the second and third quarters. Still, there has been no clearly discernable change in the underlying forces driving the economy; and most national economic forecasters have made only minor changes to their earlier projections of modest growth in the economy for the balance of 1987 and into 1988. DBED's updated outlook for Hawaii's economy also shows only minor changes from the forecast of moderate growth issued at the beginning of the year.

Current Economic Trends

Hawaii's Economy

With eight months of tourism data available so far this year, it is clear that Hawaii will see only a modest increase in the number of visitors to the State in 1987. However, judging by the overall economic data, lack of significant tourism growth does not seem to have slowed overall economic growth significantly.

For the first eight months of 1987, the total statewide visitor count was only 1.5 percent over the same 1986 period. Westbound visitors (primarily from the U.S. Mainland and Canada) are down 2.7 percent in number for the first seven months of the year, while eastbound visitor arrivals (from Orient and Pacific areas) are up 15.3 percent.

Industry representatives think that competition from overseas and other domestic destinations and higher hotel rates in Hawaii are the main reasons for the decline in westbound visitor growth so far in 1987. They note that Mexican and European destinations were hurt economically by the declining dollar and terrorism scare, which discouraged American tourists from traveling overseas last year. This year, those areas have apparently discounted prices significantly to attract the American tourists back. Domestic destinations such as Disneyland in California and Disney World in Florida have also attracted significantly more business this year. In Hawaii, a bountiful 1986 visitor count and a tight supply of hotel rooms have contributed to an 11 percent increase in the average hotel room rate this year. The total number of hotel and condominium units available in the State for visitor stays has not increased since 1985. In fact, the availability has fallen slightly in each of the past two years, from 65,900 in February 1985 to 65,300 in February of this year.

Thus, notwithstanding the attractiveness of other destinations, the tight supply of visitor rooms and resulting higher room rates may have been a factor in the slower rate increase in visitor arrivals for the year as a whole.

A key to the visitor industry's final results in 1987 will likely be the volatile Japanese market which has shown significant strength so far this year. However, the Japanese market is also subject to the tight room supply problem even though, with the more favorable yen to dollar exchange rate this year, the prices probably represent bargains to the Japanese.

There is a silver lining to the seemingly dark cloud of lower-than-expected visitor traffic in 1987. Total visitor spending will not necessarily be less than the earlier projected real increase of 4 percent, since a greater proportion of higher spending Japanese visitors will be present. Also, westbound visitors who come to Hawaii will be paying higher prices which will tend to increase total expenditures per visitor.

Outside of the visitor industry, Hawaii's economy performed well during most of 1987. The preliminary statewide jobcount showed a significant 3.0 percent increase for the first seven months of the year. Under any circumstances, this is a good increase. As a preliminary estimate, it is particularly good because preliminary jobcount estimates have tended to be lower than final figures in recent years. Leading the gain in jobs this year has been the construction industry with a 22 percent increase for the first seven months. Strength is also evident in diversified agriculture with the total of wage and self-employed workers in the industry from January to July up almost 19 percent from last year. But in terms of sheer numbers, increases in the service and trade sectors (which represent nearly half of all jobs in the State) have been the primary force in propelling the total jobcount forward. The number of retail and wholesale trade jobs is up 2.8 percent, while the number of service sector jobs (including those in hotels) has increased an impressive 4.0 percent for the first seven months, by preliminary count. These increases translate into almost 8,000 new jobs from the two industries from the first seven months of 1986.

The total volume of transactions in the State, subject to State excise and use tax, was up over 12 percent for the first six months of the year. Retail sales increased 7 percent, while the gross income of the service sector was up 15 percent during the first half.

The State's general fund revenues increased over 15 percent in the first seven months of 1987, led by a 55 percent surge in net corporate income tax payments, and a 20 percent increase in net individual income tax payments.

Among Hawaii's major sources of income, defense spending dipped a modest 0.4 percent in the first six months of 1987, compared to the same period in the previous year. In terms of employment, sugar production showed a decline of 7 percent for the first seven months of the year, while jobs in pineapple production registered a one percent decline. Construction registered a strong 19 percent increase in sales receipts subject to excise tax, while private permit values showed a 22 percent increase in the first six months from the same period a year before. Private permit values are often an indicator of actual construction work that can be expected in the future. Government contracts awarded for coming construction showed a 5 percent decline in the first six months of 1987. Thus, on balance, it appears that the overall demand for construction remains relatively high. The increase in interest rates in the third quarter may slow the rate of construction somewhat in the last quarter of the year. The industry was also facing the possibility of a strike by carpenters in September which would certainly have a dampening impact on the remainder of the year for this industry.

The Nation

The U.S. economy has had an unsettling first three quarters in 1987, characterized by a modest increase in inflation and interest rates, further declines in the international value of the dollar, and oscillation in oil prices. The sharp fall in the dollar's value in early 1987 triggered a series of events, including a rising level of inflation and interest rates. This, in turn, raised fears that the U.S. may be headed towards another inflationary spiral, a recession, or even both. But after topping out at an 8.9 percent annual rate of increase in April, the U.S. Producer Price Index slowed to a 3.7 percent annual rate of increase in May, and remained relatively low through August. Short- and long-term interest rose one to two percentage points in the third quarter. The rise was caused in part by a slight tightening of the money supply by the Federal Reserve in an attempt to discourage further declines in the dollar's international value and inflationary pressures. However, fluctuations in the availability of foreign funds to support the Federal Government's continued high deficits may have been another factor. Oil price increases contributed to some inflation in early 1987, but have fluctuated in the $18 to $20 per barrel range over the past several months.

There still has not been a significant improvement in the U.S. trade deficit through the third quarter of the year. If a significant amount of consumer and business spending can be channeled toward domestically produced goods and away from imports, it could provide considerable stimulation for the nation's economy which is currently depending on the service sector and government deficit spending to sustain modest growth.

The Economic Outlook

The course of the national economy has been reasonably consistent with the forecasts of modest growth made late last year, although the specific causes may have varied from those anticipated. Earlier forecasts predicted a modest midyear upturn in interest rates and inflation as a result of higher import prices and higher demand for domestically produced goods. The increases in interest rates occurred slightly earlier than anticipated, and due more to situations arising from the fall of the dollar in currency markets rather than to shifting domestic demand. Inflation experienced an upward trend just before midyear but has remained modest since then. Nevertheless, national economic performance is within the expected range and most forecasts have been altered only marginally in response to recent events.

Table 2-1 summarizes the most current composite forecast for 1987 and 1988, constructed on the basis of 51 recent national forecasts by Blue Chip Economic Indicators.

The revised DBED forecast for Hawaii appears in Table 2-2. The growth in visitor arrivals in 1987 is now expected to be about 1.5 percent over the 1986 level. Westbound travel from the Mainland will likely fall below the 1986 level by about 1.8 percent. The strong Japanese visitor market will, however, help eastbound travel achieve an estimated 12.0 percent increase, enough to permit the overall visitor account in 1987 to show an increase from the previous year.

Despite the less bullish visitor growth estimate, real visitor expenditures are expected to increase 4 percent, as anticipated in earlier DBED projections. Thus, the tourism impact on the economy will not differ much from earlier projections.

Construction activity was much stronger in the first half of 1987 than anticipated in earlier forecasts as was the job growth in this same industry. Still, higher interest rates could slow the growth in the last half. Assuming that the industry does not experience work stoppages due to labor disputes, real construction could show an overall 12 percent increase for 1987.

One area of the overall forecast that has changed is the inflation outlook which has increased to about 4.5 percent for 1987 and 1988.

The preliminary forecast for 1988 anticipates some moderation in growth rates from 1987 as the current construction boom begins to wane. Visitor industry growth is anticipated to grow about 4 percent in terms of both visitor arrivals and real expenditures. Job growth will also taper off slightly, to about a 2.6 percent growth for the year.

For the remainder of this decade, Hawaii is likely to continue experiencing modest growth as long as no significant changes occur in the national and international economic environment. Of course, the probability of some change in national and international economic trends becomes increasingly likely as time passes. While the direction of that change is a matter of diverse opinion, the national forecasts tend to show signs for continued economic growth rather than a recession at least for the next year.

Table 2-1
COMPOSITE FORECAST OF KEY U.S. ECONOMIC VARIABLES: 1987 AND 1988

a. Growth Rates[1]

	Quarterly growth				Annual growth rates	
	Actual 1987		Forecast 1987			
Variable	Q 1	Q 2	Q 3	Q 4	1986 to 1987	1987 to 1988
Real GNP	4.4	2.6	2.4	2.9	2.5	2.9
Industrial production . .	3.2	2.9	3.1	3.6	2.6	4.6
GNP deflator	4.2	3.8	3.9	4.0	3.3	4.2
Consumer price index .	5.3	4.7	4.4	4.4	3.8	4.6
Real disposable income	2.7	−3.2	4.5	4.1	1.6	2.8

b. Average Rate for Period (Percent)

	Quarterly data				Annual	
	Actual 1987		Forecast 1987			
Variable	Q 1	Q 2	Q 3	Q 4	1987	1988
Unemployment rate . . .	6.7	6.2	6.2	6.2	6.4	6.2
90-day Treasury bill rate	5.5	5.7	5.9	6.0	5.9	6.4
AAA corporate bond rate	8.4	9.2	9.3	9.4	9.1	9.5

NA Not available.

[1] Annualized percent change from previous quarter for quarterly data, annual percent change for annual data.

Source: Eggert Economic Enterprises, Inc., *Blue Chip Economic Indicators*, September 10, 1987.

Table 2-2
DBED ECONOMIC FORECAST FOR HAWAII: 1987 AND 1988

[Calendar years]

Economic variable	Actual 1986	Forecast		Average annual percent change	
		1987	1988	86-87	87-88
Visitor arrivals (million)	5.6	5.7	5.9	1.5	4.0
Consumer price index (1967=100)	301.5	315.1	329.2	4.5	4.5
Sugar tax base (millions of current dollars)	360.0	360 0	360.0	0.0	0.0
Personal income (millions of constant 1980 dollars)	11,985	12,368	12,641	3.2	2.2
Personal income (millions of current dollars)	15,814	17,047	18,207	7.8	6.8
Total jobs (1,000)	485.4	499.1	511.9	2.8	2.6
Total construction (constant 1972 dollars)	679.2	760.7	792.3	12.0	4.2

Source: Department of Business and Economic Development, Hawaii Econometric Model Project, September 1987.

3. INCOME AND PRICES

The U.S. Bureau of Economic Analysis recently released revised personal income data for Hawaii and the nation. The estimates for Hawaii were lowered from previous figures for the 1969 to 1984 period and increased for 1985 and 1986. Hawaii per capita income as a percentage of the U.S. has been steadily declining from approximately 20 percent above the nation in 1970 to nearly equal in 1984. For the last few years, Hawaii total and per capita income growth have outpaced the nation and the ratio has increased to 2 percent above the national average.

The Honolulu Consumer Price Index (CPI-U) for the January to June 1987 period showed a 4.1 percent increase from the previous year. Nationally, the CPI-U was 340.1 in June, a 3.7 percent increase from 1986.

Figure 3–1

HAWAII PER CAPITA INCOME: 1969 to 1986

(as a percent of U.S. income)

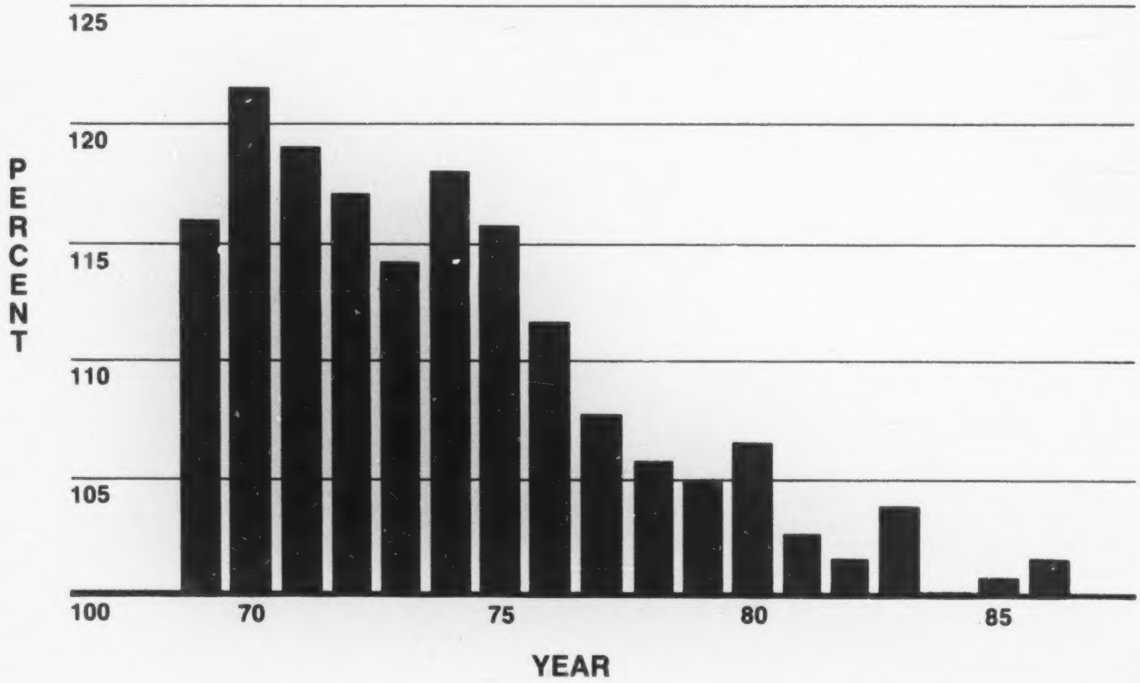

Table 3-1
TOTAL AND PER CAPITA PERSONAL INCOME, UNITED STATES AND HAWAII: 1969 TO 1986

Year	Total personal income (millions of dollars)		Per capita personal income (dollars)		Hawaii per capita income as a percentage of U.S.
	United States	Hawaii	United States	Hawaii	
1969	766,522	3,277	3,808	4,411	116
1970	825,534	3,772	4,051	4,944	122
1971	888,536	4,060	4,296	5,129	119
1972	976,181	4,473	4,665	5,468	117
1973	1,095,289	4,967	5,182	5,901	114
1974	1,204,899	5,702	5,648	6,645	118
1975	1,308,482	6,159	6,073	7,038	116
1976	1,447,002	6,670	6,651	7,474	112
1977	1,602,863	7,210	7,294	7,873	108
1978	1,806,968	8,043	8,136	8,660	106
1979	2,028,510	9,031	9,033	9,506	105
1980	2,254,076	10,279	9,919	10,616	107
1981	2,514,231	11,052	10,949	11,276	103
1982	2,663,498	11,736	11,481	11,765	102
1983	2,834,375	12,843	12,098	12,608	104
1984	3,101,267	13,636	13,114	13,161	100
1985	3,320,099	14,805	13,907	14,080	101
1986	3,529,522	15,814	14,641	14,886	102
	Percent change from previous year				
1970	7.7	15.1	6.4	12.1	5.4
1971	7.6	7.6	6.0	3.7	−2.2
1972	9.9	10.2	8.6	6.6	−1.8
1973	12.2	11.0	11.1	7.9	−2.8
1974	10.0	14.8	9.0	12.6	3.3
1975	8.6	8.0	7.5	5.9	−1.5
1976	10.6	8.3	9.5	6.2	−3.0
1977	10.8	8.1	9.7	5.3	−3.9
1978	12.7	11.6	11.5	10.0	−1.4
1979	12.3	12.3	11.0	9.8	−1.1
1980	11.1	13.8	9.8	11.7	1.7
1981	11.5	7.5	10.4	6.2	−3.8
1982	5.9	6.2	4.9	4.3	−0.5
1983	6.4	9.4	5.4	7.2	1.7
1984	9.4	6.2	8.4	4.4	−3.7
1985	7.1	8.6	6.0	7.0	0.9
1986	6.3	6.8	5.3	5.7	0.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Electronic Data Distribution System release August 20, 1987.

Table 3-2
TOTAL AND PER CAPITA DISPOSABLE PERSONAL INCOME UNITED STATES AND HAWAII: 1969 TO 1986

Year	Disposable personal income (millions of dollars)		Per capita income (dollars)		Hawaii per capita income as a percentage of U.S.
	United States	Hawaii	United States	Hawaii	
1969	650,969	2,747	3,234	3,698	114
1970	709,963	3,191	3,484	4,182	120
1971	771,813	3,478	3,732	4,394	118
1972	834,764	3,780	3,989	4,620	116
1973	943,848	4,204	4,466	4,993	112
1974	1,033,682	4,861	4,845	5,665	117
1975	1,138,354	5,374	5,283	6,141	116
1976	1,248,776	5,783	5,740	6,480	113
1977	1,375,307	6,213	6,258	6,784	108
1978	1,546,470	6,898	6,963	7,427	107
1979	1,724,566	7,711	7,679	8,116	106
1980	1,914,331	8,776	8,424	9,064	108
1981	2,121,830	9,419	9,240	9,609	104
1982	2,255,189	10,217	9,721	10,242	105
1983	2,424,870	11,068	10,350	10,866	105
1984	2,662,155	11,894	11,258	11,480	102
1985	2,835,379	12,824	11,876	12,196	103
1986	3,018,521	13,696	12,521	12,893	103
	Percent change from previous year				
1970	9.1	16.2	7.7	13.1	5.0
1971	8.7	9.0	7.1	5.1	-1.9
1972	8.2	8.7	6.9	5.1	-1.6
1973	13.1	11.2	12.0	8.1	-3.5
1974	9.5	15.6	8.5	13.5	4.6
1975	10.1	10.6	9.0	8.4	-0.6
1976	9.7	7.6	8.7	5.5	-2.9
1977	10.1	7.4	9.0	4.7	-4.0
1978	12.4	11.0	11.3	9.5	-1.6
1979	11.5	11.8	10.3	9.3	-0.9
1980	11.0	13.8	9.7	11.7	1.8
1981	10.8	7.3	9.7	6.0	-3.3
1982	6.3	8.5	5.2	6.6	1.3
1983	7.5	8.3	6.5	6.1	-0.4
1984	9.8	7.5	8.8	5.7	-2.9
1985	6.5	7.8	5.5	6.2	0.7
1986	6.5	6.8	5.4	5.7	0.3

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Electronic Data Distribution System release August 20, 1987.

Table 3-3
PERSONAL INCOME BY MAJOR SOURCES: 1985 to 1987

[In millions of dollars and percent]

Item	1985	1986	1st Q 1987[1]	Growth rate from previous period	
				1985-86	1986-87
By type:					
Wage and salary disbursements	9,169	9,757	10,321	6.4	7.8
Other labor income	773	827	941	7.0	10.3
Proprietors income	1,066	1,206	1,176	13.1	-1.6
Farm	134	166	65	24.0	-72.2
Nonfarm	932	1,040	1,111	11.5	15.5
By industry:					
Farm	285	318	229	11.3	-41.3
Nonfarm	10,722	11,472	12,209	7.0	8.7
Private	7,299	7,949	8,434	8.9	9.9
Agriculture, forestry, fish	48	55	52	14.7	2.0
Mining	24	24	16	3.3	0.0
Construction	660	760	976	15.3	29.8
Manufacturing	522	551	548	5.5	3.2
Transp., comm., utilities	903	974	1,022	7.9	9.1
Wholesale trade	442	463	472	4.6	4.7
Retail trade	1,258	1,331	1,360	5.8	4.1
Finance, insur., real est.	741	833	922	12.4	15.1
Services	2,701	2,957	3,067	9.5	7.8
Government and govt. enterpr.	3,423	3,523	3,774	2.9	6.2
Federal, civilian	963	950	1,009	-1.4	3.9
Federal military	1,267	1,298	1,393	2.4	3.4
State and local	1,193	1,276	1,373	7.0	11.0
Derivation of personal income					
Total earnings	11,008	11,790	12,438	7.1	7.0
Less: Personal contributions for social insurance	678	731	835	7.9	10.0
Net earnings	10,330	11,059	11,603	7.1	6.8
Plus: Dividends, interest, and rent	2,179	2,343	2,271	7.5	1.7
Plus: Transfer payments	2,296	2,412	2,285	5.1	5.2
Personal income	14,805	15,814	16,158	6.8	5.8

[1] Quarterly total (seasonally adjusted) at annual rate.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Electronic Data Distribution System release July and August 1987.

Table 3-4

CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U) FOR SELECTED ITEMS, FOR HONOLULU AND THE U.S. CITY AVERAGE: 1981 TO 1987

[1967=100]

Period[1]	All items	Food & beverage	Housing[2]	Apparel and upkeep	Transportation	Medical care	Entertainment	Other
Honolulu:								
1981	252.4	275.4	240.3	193.4	247.1	289.4	224.8	244.2
1982	267.6	288.3	255.0	201.5	255.6	324.3	246.7	275.6
1983	273.5	296.0	257.5	207.7	253.7	357.6	257.6	303.7
1984	284.8	308.2	268.2	205.1	265.7	379.7	268.9	319.1
1985	294.1	320.6	275.8	203.9	270.9	400.6	288.4	336.8
1986	301.1	327.2	282.2	204.4	271.7	432.8	291.8	358.1
1st half ..	299.7	323.6	281.0	203.6	273.9	425.2	297.7	349.2
2nd half .	302.5	330.8	283.4	205.2	269.6	440.5	285.9	366.9
1987								
1st half ..	311.9	336.9	295.2	206.8	277.2	447.6	299.7	380.2
U.S. avg:								
1981	272.4	267.3	293.5	186.9	280.0	294.5	221.4	235.7
1982	289.1	278.2	314.7	191.8	291.5	328.7	235.8	259.9
1983	298.4	284.4	323.1	196.5	298.4	357.3	246.0	288.3
1984	311.1	295.1	336.5	200.2	311.7	379.5	255.1	307.7
1985	322.2	302.0	349.9	206.0	319.9	403.1	265.0	336.8
1986	328.4	311.8	360.2	207.8	307.5	433.5	274.1	344.4
% increase (Honolulu):								
1981-82 ...	6.0	4.7	6.1	4.2	3.4	12.1	9.7	12.9
1982-83 ...	2.2	2.7	1.0	3.1	−0.7	10.3	4.4	10.2
1983-84 ...	4.1	4.1	4.2	−1.3	4.7	6.2	4.4	5.1
1984-85 ...	3.3	4.0	2.8	−0.6	2.0	5.5	7.3	5.5
1985-86 ...	2.4	2.1	2.3	0.2	0.3	8.0	1.2	6.3
1986-87								
1st half ..	4.1	4.1	5.1	1.6	1.2	5.3	0.7	8.9

[1] Beginning with 1987, the Honolulu CPI-U is available semi-annually only.

[2] Change in calculation in 1983 — housing costs measured in rental equivalence (what owners would have to pay if they rented their homes).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

4. EMPLOYMENT

The preliminary statewide total jobcount showed a 3.4 percent increase for the second quarter of 1987 and 3.0 percent growth for the first seven months of the year. The recovering construction industry has lead all industries in growth, increasing to 21,600 jobs so far in 1987 from a low of 15,800 jobs in 1984.

By county, nonagricultural wage and salary jobs showed continued growth in 1987, generally exceeding last year's increases. Unemployment rates in 1987 also revealed improvements for all counties, with unemployment rates averaging below 5 percent for all counties except Hawaii County.

Figure 4–1

GROWTH IN TOTAL JOBS

(percent change from previous year)

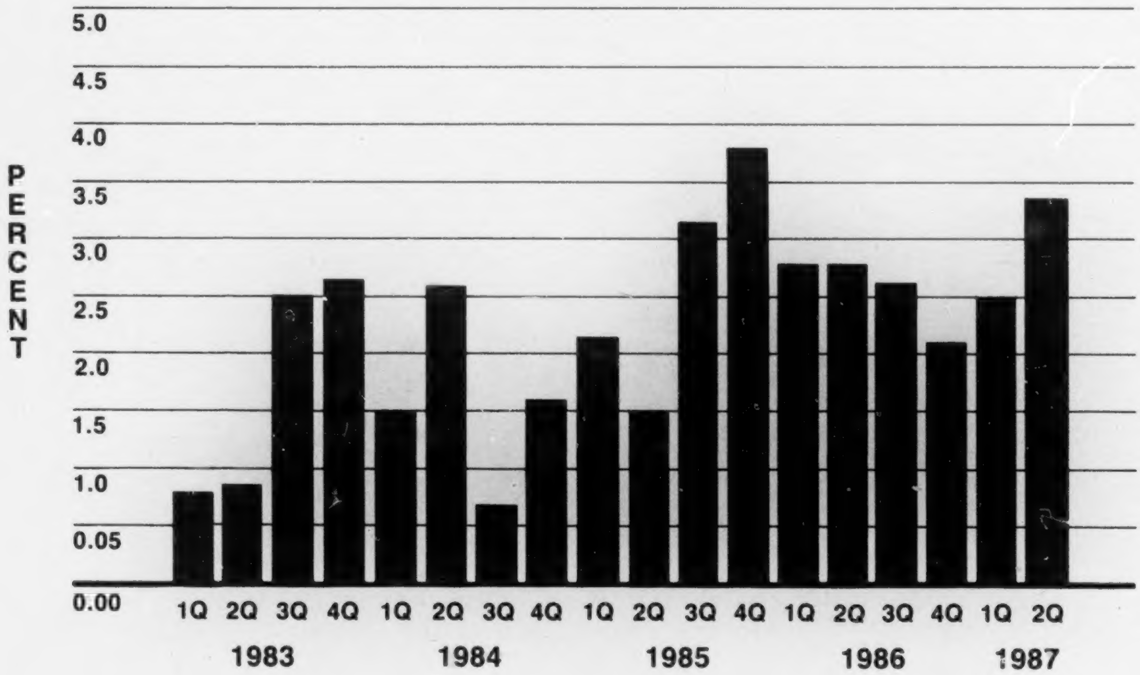

Table 4–1
TOTAL JOBS 1980 TO 1987

Year	Total jobs[1]	Nonagriculture			Agriculture			Labor disputes
		Total	Wage & salary	Self-employed	Total	Wage & salary	Self-employed	
1980	448,150	432,400	404,100	28,300	15,400	10,800	4,600	500
1981	449,900	433,950	404,800	29,150	15,850	11,500	4,350	50
1982	446,050	430,700	399,400	31,300	15,250	11,300	4,000	100
1983	453,750	438,500	406,200	32,300	15,100	11,200	3,900	150
1984	461,000	446,100	412,650	33,450	14,450	10,800	3,650	450
1985	473,150	459,150	425,750	33,400	13,900	10,400	3,500	100
1986 (p)	485,400	471,800	437,200	34,600	13,350	10,150	3,200	200
1987 Jan-July	496,850	482,800	449,350	33,450	14,050	10,400	3,600	50
1986 (p):								
1st Q	478,750	465,850	432,850	33,050	12,800	9,850	3,000	50
2nd Q	483,750	470,900	435,800	35,100	12,800	9,950	2,850	100
3rd Q	487,400	473,100	436,700	36,400	14,250	10,800	3,450	100
4th Q	491,600	477,500	443,500	34,000	13,500	10,000	3,500	650
1987 (p):								
1st Q	490,550	477,150	446,850	30,300	13,350	10,000	3,350	50
2nd Q	500,100	485,900	450,950	34,950	14,150	10,500	3,650	50
	Percent change from the same period in previous year							
1980	3.2	3.4	2.6	16.2	1.1	0.5	2.2	-28.6
1981	0.3	0.4	0.2	3.0	2.9	8.4	-5.4	-90.0
1982	-0.9	-0.7	-1.3	7.4	-3.8	-2.2	-9.2	100.0
1983	1.7	1.8	1.7	3.2	-1.3	-0.9	-1.3	50.0
1984	1.6	1.7	1.6	3.6	-4.0	-3.6	-6.4	200.0
1985	2.6	2.9	3.2	-0.2	-3.8	-3.5	-4.4	-77.8
1986 (p)	2.6	2.8	2.7	3.7	-4.0	-2.7	-8.6	100.0
1987 Jan-July	3.0	2.8	3.3	-3.1	7.7	4.0	20.0	-30.0
1986 (p):								
1st Q	2.8	3.0	3.1	1.6	-2.3	0.2	-10.9	-80.0
2nd Q	2.8	3.2	2.9	7.7	-7.9	-5.5	-16.6	-33.3
3rd Q	2.6	2.8	2.3	9.6	-5.0	-3.9	-8.4	(X)
4th Q	2.1	2.1	2.6	-3.8	-0.7	-1.3	1.4	1,200.0
1987 (p):								
1st Q	2.5	2.4	3.2	-8.3	4.3	1.7	12.8	0.0
2nd Q	3.4	3.2	3.5	-0.4	10.5	5.5	28.1	-50.0

p Preliminary.

X Not calculated — data in base period equaled zero.

[1] Total of wage and salary jobs and self-employed in agricultural and nonagricultural industries plus those jobs involved in labor disputes.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4–2
NUMBER OF JOBS, BY INDUSTRY: 1985 to 1987

Series	1985	1986	(Jan-July) 1987	Percent change from previous year 1985	1986	1987
Total jobs[1]	473,150	485,400	496,850	2.6	2.6	3.0
Non-agricultural wage and salary jobs	425,750	437,200	449,350	3.2	2.7	3.3
Construction	17,150	18,950	21,600	8.8	10.4	22.4
Manufacturing	21,900	22,100	21,950	0.2	0.7	-1.2
Durable goods	3,700	3,850	3,900	10.4	2.1	3.0
Nondurable goods	18,250	18,250	18,000	-1.6	0.0	-2.1
Food processing	10,100	10,150	10,050	-6.1	0.8	-1.6
Sugar processing	3,450	3,300	3,150	-6.8	-4.3	-6.8
Pineapple processing	1,900	2,000	2,050	-11.6	5.2	-1.4
Other food processing	4,700	4,850	4,850	-4.1	3.2	1.0
Transp, commun, utilities	33,200	33,950	34,400	3.8	2.3	1.6
Trade	115,650	116,700	119,300	3.8	0.9	2.8
Wholesale	19,550	19,350	19,450	3.2	-1.2	0.7
Retail	96,100	97,350	99,850	3.9	1.3	3.2
Finance,insur.,real estate	31,900	32,900	33,400	0.1	3.2	1.9
Services	112,650	118,750	122,800	4.3	5.4	4.0
Hotels	29,000	29,250	30,050	2.5	0.9	3.0
Government	93,300	93,850	95,900	1.6	0.6	1.7
Federal	32,400	32,100	32,100	0.8	-0.9	0.1
State	47,400	48,600	50,650	1.8	2.6	2.6
Local	13,500	13,150	13,200	2.4	-2.7	2.1
Agriculture (wage & salary)	10,40[illegible]	10,150	10,400	-3.5	-2.7	4.0
Sugar	4,1[illegible]	4,000	3,850	-4.4	-2.3	-4.5
Pineapple	1,950	2,050	1,950	-6.9	4.2	-6.6
Diversified agriculture	4,350	4,100	4,650	-1.3	-6.6	18.6
Nonagric. self-employed[2]	33,400	34,600	33,450	-0.2	3.7	-3.1
Agricultural self-employed[2]	3,500	3,200	3,600	-4.4	-8.6	20.0
Labor disputes	100	200	50	-75.0	85.7	-30.0

[1] Total of nonagricultural and agricultural wage and salary, self-employed, and jobs involved in labor disputes.

[2] Self-employed includes unpaid family workers and domestics.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4–3
NON-AGRICULTURAL WAGE AND SALARY JOBS, BY COUNTY: 1980 TO 1987

Year	State	City & County of Honolulu	Hawaii County	Kauai County	Maui County
1980	404,100	333,050	28,450	15,150	27,500
1981	404,800	332,300	28,850	15,200	28,450
1982	399,400	325,700	28,700	15,150	29,900
1983	406,200	330,100	29,350	15,700	31,050
1984	412,650	334,400	30,400	15,700	32,150
1985	425,750	342,300	32,250	16,700	34,550
1986 (p)	437,200	350,650	32,950	17,700	35,950
1987 (Jan-July)	449,350	360,550	33,450	18,150	37,150
1986 (p):					
1st Q	432,850	347,300	32,750	17,400	35,350
2nd Q	435,800	349,800	32,800	17,550	35,650
3rd Q	436,700	349,700	32,950	17,800	36,250
4th Q	443,500	355,800	33,200	17,950	36,600
1987 (p):					
1st Q	446,850	358,050	33,550	18,150	37,200
2nd Q	450,900	362,300	33,350	18,200	37,050
	Percent change from same period in previous year				
1980	2.6	2.2	2.9	6.1	4.3
1981	0.2	-0.2	1.4	0.6	3.5
1982	-1.3	-2.0	-0.5	-0.6	5.0
1983	1.7	1.4	2.3	3.9	4.0
1984	1.6	1.3	3.6	0.1	3.5
1985	3.2	2.4	6.0	6.1	7.4
1986 (p)	2.7	2.4	2.2	5.9	4.1
1987 (Jan-July)	3.4	3.3	2.0	3.6	4.3
1986 (p):					
1st Q	3.1	3.0	2.0	6.6	3.1
2nd Q	2.9	2.6	1.9	7.1	3.9
3rd Q	2.3	1.9	2.5	5.7	4.2
4th Q	2.6	2.3	2.3	4.2	5.1
1987 (p):					
1st Q	3.2	3.1	2.4	4.1	5.2
2nd Q	3.5	3.6	1.6	3.7	4.0

p Preliminary.

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4–4
CIVILIAN LABOR FORCE AND EMPLOYMENT, BY COUNTY: 1980 TO 1987

[Number of persons]

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian labor force:					
1980	439,000	338,350	43,550	19,550	37,550
1981	451,000	345,700	45,450	20,100	39,800
1982	461,000	350,100	47,200	20,850	42,900
1983	472,000	357,100	48,350	21,650	44,850
1984	472,000	357,100	48,650	21,300	44,950
1985	478,000	358,850	50,300	22,000	46,850
1986	488,000	366,750	50,850	23,100	48,300
1987 (Jan-July)	498,250	373,900	51,300	23,350	49,700
1986: 1st Q	482,700	362,050	50,350	22,900	47,450
2nd Q	489,350	367,400	50,900	23,100	48,000
3rd Q	491,300	367,600	51,400	23,300	49,000
4th Q	492,650	369,900	50,800	23,000	48,850
1987: 1st Q	487,450	365,650	49,950	22,850	49,000
2nd Q	504,950	379,200	51,900	23,650	50,200
Civilian employment:					
1980	418,000	322,800	40,850	18,700	35,650
1981	427,000	328,500	42,150	18,900	37,450
1982	430,000	328,600	42,700	19,150	39,600
1983	442,000	336,550	44,050	20,000	41,450
1984	445,000	338,050	44,900	19,800	42,250
1985	451,000	340,400	46,050	20,500	44,050
1986	465,000	350,550	47,000	21,700	45,750
1987 (Jan-July)	477,750	360,000	48,000	22,300	47,500
1986: 1st Q	457,900	345,550	46,450	21,300	44,550
2nd Q	463,750	350,300	46,500	21,600	45,350
3rd Q	467,500	351,350	47,550	22,000	46,600
4th Q	470,850	354,900	47,550	21,900	46,550
1987: 1st Q	467,200	351,600	46,950	21,800	46,800
2nd Q	484,150	365,350	48,400	22,600	47,850

Source: Hawaii State Department of Labor and Industrial Relations.

Table 4–5
CIVILIAN UNEMPLOYED AND UNEMPLOYMENT RATE, BY COUNTY: 1980 TO 1987

Subject and year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Civilian unemployed (persons):					
1980	21,000	15,550	2,700	850	1,900
1981	24,000	17,150	3,300	1,150	2,350
1982	31,000	21,500	4,500	1,700	3,300
1983	30,000	20,600	4,300	1,650	3,400
1984	27,000	19,100	3,750	1,500	2,700
1985	27,000	18,450	4,300	1,500	2,750
1986	24,000	16,200	3,850	1,400	2,550
1987 (Jan-July)	20,500	13,900	3,300	1,050	2,250
1986: 1st Q	24,800	16,450	3,850	1,600	2,900
2nd Q	25,600	17,050	4,350	1,500	2,650
3rd Q	23,800	16,250	3,850	1,300	2,400
4th Q	21,750	15,050	3,300	1,100	2,300
1987: 1st Q	20,250	14,000	3,000	1,050	2,150
2nd Q	20,850	13,850	3,500	1,100	2,350
Unemployment rate (percent):					
1980	4.9	4.6	6.2	4.3	5.1
1981	5.4	5.0	7.3	5.8	5.9
1982	6.7	6.1	9.5	8.1	7.2
1983	6.5	5.8	8.9	7.7	7.6
1984	5.6	5.3	7.7	7.0	6.0
1985	5.6	5.1	8.5	6.8	5.9
1986	4.8	4.4	7.6	6.0	5.3
1987 (Jan-July)	4.1	3.7	6.4	4.5	4.5
1986: 1st Q	5.1	4.5	7.6	7.0	6.1
2nd Q	5.2	4.6	8.5	6.5	5.5
3rd Q	4.8	4.4	7.5	5.6	4.9
4th Q	4.4	4.1	6.5	4.8	4.7
1987: 1st Q	4.2	3.8	6.0	4.6	4.4
2nd Q	4.1	3.7	6.7	4.7	4.7

Source: Hawaii State Department of Labor and Industrial Relations.

5. BUSINESS ACTIVITY

Business activity, measured by the volume of taxable transactions subject to State excise and use taxes, increased 12.4 percent for the first half of 1987. Major industries such as construction (see section 7) and the tourism related sectors such as trade, services, and hotel rentals have contributed to the growth.

Federal defense spending in the State, one of Hawaii's major income-generating activities, declined 9.2 percent in 1986 with expenditures for supplies, equipment, and services down almost 30 percent. Reports from the armed forces for the first half of 1987 show that expenditures are 1.3 percent below the same period of 1986.

Figure 5–1

GROWTH IN TAXABLE BUSINESS TRANSACTIONS

(percent change from previous year)

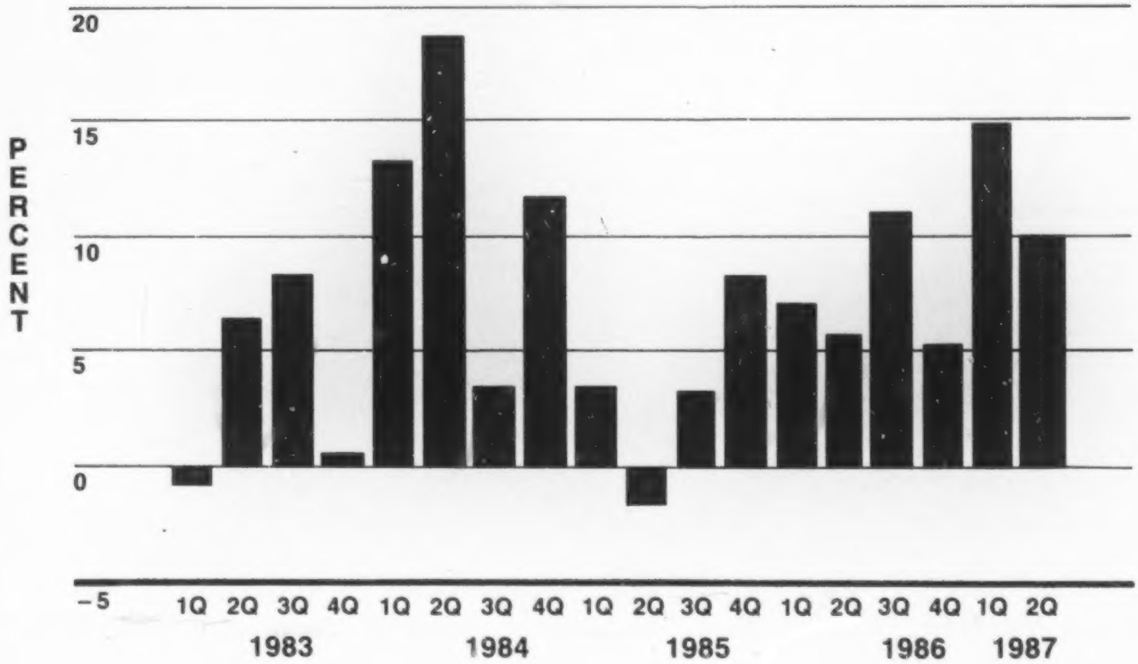

Table 5–1

VALUE OF BUSINESS TRANSACTIONS SUBJECT TO STATE EXCISE AND USE TAX: 1980 TO 1987

[Millions of dollars]

Year	Total taxable trans-actions	Selected industry transactions				
		Retailing	Services	Hotel rental	Diversified agriculture	Manu-facturing
1980	18,966.2	6,075.5	1,750.1	720.7	141.3	620.1
1981	20,903.8	6,690.7	1,792.1	759.4	173.3	615.9
1982	20,722.1	7,043.6	1,976.2	875.5	176.8	544.3
1983	21,416.8	7,458.8	2,128.5	858.2	221.6	502.3
1984	23,879.9	8,182.7	2,396.1	1,008.6	257.6	530.1
1985	24,630.3	8,605.2	2,529.7	1,153.4	251.6	538.3
1986	26,335.2	9,206.7	2,786.1	1,227.2	258.8	565.4
1987 Jan-June	14,818.2	5,051.8	1,562.9	769.5	140.2	304.4
1986: 1st Q	6,416.5	2,301.8	653.6	280.9	64.3	130.4
2nd Q	6,767.3	2,403.1	706.9	362.4	62.0	152.3
3rd Q	6,664.1	2,280.6	713.6	305.6	66.5	140.3
4th Q	6,487.3	2,221.3	712.1	278.3	66.0	142.5
1987: 1st Q	7,374.6	2,530.6	770.3	362.8	66.5	153.0
2nd Q	7,443.6	2,521.2	792.6	406.7	73.7	151.4
	Percent change from same period in previous year					
1981	10.2	10.1	2.4	5.4	22.6	-0.7
1982	3.4	5.3	10.3	15.3	2.0	-11.6
1983	-0.9	5.9	7.7	-2.0	25.3	-7.7
1984	11.5	9.7	12.6	17.5	16.2	5.5
1985	3.1	5.2	5.6	14.4	-2.4	1.5
1986	6.9	7.0	10.1	6.4	2.9	5.0
1987 Jan-June	12.4	7.4	14.9	19.6	11.0	7.7
1986: 1st Q	6.3	9.7	10.7	-16.7	-9.1	16.6
2nd Q	5.5	7.3	5.5	25.1	-4.0	5.5
3rd Q	10.9	8.9	14.2	10.7	18.1	0.0
4th Q	5.1	2.2	10.5	11.1	10.0	0.5
1987: 1st Q	14.9	9.9	17.9	29.2	3.4	17.3
2nd Q	10.0	4.9	12.1	12.2	18.9	-0.6

Note: This series derived by lagging reported excise tax base data one month to adjust for reporting delay.
Source: Hawaii State Department of Taxation.

Table 5-2
COLLECTIONS OF KEY STATE TAXES AND GENERAL FUND TAX REVENUES: 1982 TO 1987

[Thousands of dollars]

Year	General excise and use tax	Net individual income tax[1]	Net corporate income tax[2]	Tax revenues distributed to State General Fund[3]
1982	574,590	296,757	34,785	1,011,465
1983	615,536	358,072	27,960	1,109,876
1984	669,805	413,885	39,681	1,240,352
1985	707,381	446,358	44,075	1,325,791
1986	777,961	490,185	46,216	1,486,484
1987 Jan-July	504,550	322,076	44,203	995,192
1986: 1st Q	192,020	125,668	7,783	347,122
2nd Q	200,047	99,847	17,157	393,177
3rd Q	198,275	129,119	14,901	377,599
4th Q	187,620	135,551	6,375	368,586
1987: 1st Q	216,699	134,394	13,647	400,595
2nd Q	214,933	143,625	26,593	461,714
	Percent change from same period in previous year			
1982	-0.1	-15.1	-20.2	-5.5
1983	7.1	20.7	-19.6	9.7
1984	8.8	15.6	41.9	11.8
1985	5.6	7.8	11.1	6.9
1986	10.0	9.8	4.9	12.1
1987 Jan-July	9.3	20.1	55.2	15.3
1986: 1st Q	10.3	15.8	3.5	10.2
2nd Q	11.9	-0.5	-21.7	14.2
3rd Q	12.2	2.7	29.0	9.6
4th Q	5.5	21.2	105.8	14.6
1987: 1st Q	12.9	6.9	75.3	15.4
2nd Q	7.4	43.8	55.0	17.4

Note: This series represents data as reported by the Department of Taxation, without adjustment.

[1] Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

[2] Declaration of estimated taxes, plus payments with returns, less refunds.

[3] Excludes non-tax sources.

Source: Hawaii State Department of Taxation.

Table 5–3
DEFENSE EXPENDITURES BY SERVICE: 1980 TO 1987

[Millions of dollars]

Year or quarter	Total	Navy and Marine[1]	Army	Air Force	Coast Guard
1980	1,317.4	711.3	441.8	141.7	22.7
1981	1,449.3	770.4	493.8	158.3	26.7
1982	1,693.4	878.2	611.5	173.7	29.9
1983	1,848.2	935.9	702.7	182.6	27.0
1984	1,867.2	948.2	685.2	207.6	26.2
1985	1,965.4	955.3	780.4	201.0	28.7
1986	1,784.9	892.0	658.6	202.4	31.9
1987 (Jan-June)[2]	890.0	445.1	331.7	105.4	7.8
1986: 1st Q	453.1	221.1	176.1	48.9	7.1
2nd Q	448.6	229.1	159.5	52.0	8.1
3rd Q	441.9	214.9	167.7	50.9	8.3
4th Q	441.2	226.9	155.4	50.6	8.3
1987: 1st Q	444.2	214.5	172.1	49.8	7.8
2nd Q[2]	445.8	230.6	159.6	55.6	(NA)
	Percent change from same period in previous year				
1980	7.8	11.0	2.8	9.6	2.7
1981	10.0	8.3	11.8	11.7	17.6
1982	16.8	14.0	23.8	9.7	12.0
1983	9.1	6.6	14.9	5.1	-9.7
1984	1.0	1.3	-2.5	13.7	-2.7
1985	5.3	0.7	13.9	-3.1	9.6
1986	-9.2	-6.6	-15.6	0.7	11.1
1987 (Jan-June)[2]	-0.4	-1.1	-1.2	4.5	9.9
1986: 1st Q	-2.7	-2.2	-2.2	-7.6	3.8
2nd Q	-16.7	-9.6	-29.2	-0.8	7.6
3rd Q	-7.5	-5.4	-12.4	-2.7	20.2
4th Q	-8.7	-8.8	-15.4	16.3	10.7
1987: 1st Q	-2.0	-3.0	-2.3	1.8	9.9
2nd Q[2]	1.2	0.7	0.1	6.9	(NA)

[1] Since December 1985, Navy data partly estimated due to change in reporting method.

[2] Excludes Coast Guard expenditures. Percent computations based on comparable coverage.

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DBED.

Table 5–4

DEFENSE EXPENDITURES BY CATEGORY: 1980 TO 1987

[Millions of dollars]

Year or quarter	All categories	Military payroll[1]	Civilian payroll	Supplies, equipment, services
1980	1,317.4	533.7	418.8	365.0
1981	1,449.3	612.8	450.7	385.9
1982	1,693.4	716.8	508.6	468.0
1983	1,848.2	793.8	558.2	496.2
1984	1,867.2	828.8	582.5	455.9
1985	1,965.4	839.9	611.4	514.1
1986	1,784.9	823.0	601.5	360.4
1987 (Jan-June)[2]	890.0	418.8	280.3	190.9
1986: 1st Q	453.1	201.6	139.0	112.5
2nd Q	448.6	205.7	160.7	82.2
3rd Q	441.9	210.7	145.8	85.4
4th Q	441.2	204.9	156.0	80.3
1987: 1st Q	444.2	210.8	134.9	98.6
2nd Q[2]	445.8	208.0	145.4	92.3
	Percent change from same period in previous year			
1981	10.0	14.8	7.6	5.7
1982	16.8	17.0	12.8	21.3
1983	9.1	10.7	9.8	6.0
1984	1.0	4.4	4.4	-8.1
1985	5.3	1.3	5.0	12.8
1986	-9.2	-2.0	-1.6	-29.9
1987 (Jan-June)[2]	-0.4	4.5	-6.2	-1.6
1986: 1st Q	-2.7	-6.3	-0.6	1.5
2nd Q	-16.7	-3.7	-1.9	-49.0
3rd Q	-7.5	-0.5	3.8	-32.0
4th Q	-8.7	2.8	-6.8	-31.0
1987: 1st Q	-2.0	4.6	-3.0	-12.4
2nd Q[2]	1.2	4.4	-9.0	13.3

[1] Since December 1985, Navy data partly estimated due to change in reporting method.

[2] Excludes Coast Guard expenditures. Percent compuations based on comparable coverage.

Note: Data include all appropriated expenditures for military and civilian payrolls, services, supplies and construction. Excludes R&R expenditures, dependent allotments, retired military pay and non-appropriated funds for exchanges, clubs, special services, etc.

Source: Quarterly reports from armed forces, compiled by DBED.

6. THE VISITOR INDUSTRY

Visitor arrivals for the first quarter of 1987 increased 4.0 percent from the previous year. However, preliminary estimates of second quarter arrivals were down 3.1 percent. The number of visitors from January to August totalled 3,930,510 which is slightly more than a year ago. The number of westbound visitors arriving from the Mainland U.S. and Canada decreased by 2.7 percent while eastbound visitors arriving from the Orient and Pacific areas increased by 15.3 percent for the first eight months of 1987.

Because of competition from Mexico, Europe, and other domestic markets and higher room rates, analysts have revised their visitor projections slightly downward and expect only modest growth this year. Visitor expenditures, however, are expected to increase due to higher room rates and continued growth in Japanese visitors who generally spend twice as much per day as do visitors from the Mainland.

Figure 6–1

GROWTH IN THE NUMBER OF VISITORS

(percent change from previous year)

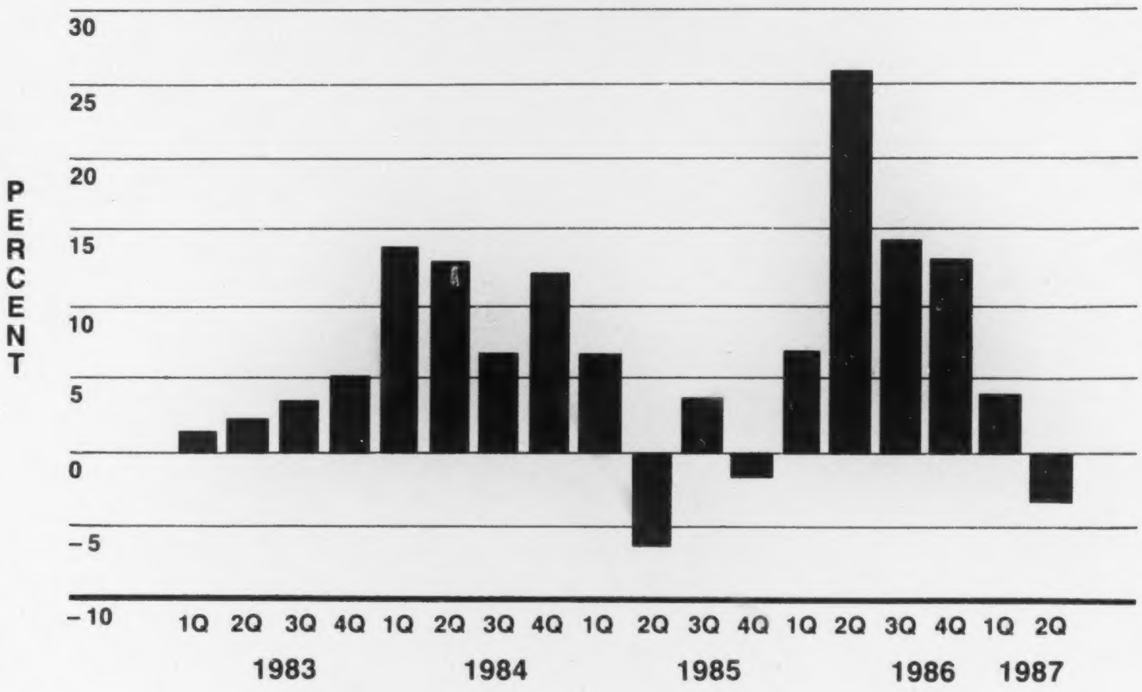

Table 6–1
VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS: 1980 TO 1987

	Visitors staying overnight or longer			Average daily visitor census	
Year[1]	Total	Westbound[2]	Eastbound[3]	Westbound[2]	All
1980	3,934,504	3,046,132	888,372	86,788	96,497
1981	3,934,623	2,974,791	959,832	85,449	95,968
1982	4,242,925	3,278,525	964,400	94,740	105,310
1983	4,368,105	3,396,115	971,990	97,390	108,040
1984	4,855,580	3,721,380	1,134,200	106,260	118,660
1985	4,884,110	3,708,610	1,175,500	103,820	116,700
1986	5,606,980	4,256,390	1,350,590	118,210	134,850
1987 Jan-Aug (p)	3,930,510	2,886,170	1,044,340	121,060	140,400
1986: 1st Q	1,393,170	1,087,640	305,530	127,060	142,340
2nd Q	1,421,160	1,094,260	326,900	118,670	134,840
3rd Q	1,450,850	1,073,130	377,720	114,120	132,600
4th Q	1,341,800	1,001,360	340,440	113,070	129,720
1987: 1st Q	1,448,860	1,084,080	364,700	127,850	146,080
2nd Q (p)	1,377,580	1,014,230	363,350	107,880	125,850
	Percent change from corresponding period in previous year				
1980	-0.7	-3.0	8.2	-3.2	-2.2
1981	0.0	-2.3	8.0	-1.5	-0.5
1982	7.8	10.2	0.5	10.9	9.7
1983	3.0	3.6	0.8	2.8	2.6
1984	11.2	9.6	16.7	9.1	9.8
1985	0.6	-0.3	3.6	-2.3	-1.7
1986	14.8	14.8	14.9	13.9	15.6
1987 Jan-Aug (p)	1.5	-2.7	15.3	-1.9	0.1
1986: 1st Q	7.0	7.5	5.5	6.1	7.3
2nd Q	25.8	30.2	13.0	32.6	31.9
3rd Q	14.5	12.0	22.2	10.1	13.3
4th Q	13.1	11.4	18.5	12.0	14.3
1987: 1st Q	4.0	-0.3	19.4	0.6	2.6
2nd Q (p)	-3.1	-7.3	11.2	-9.1	-6.7

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p Preliminary.

[1] Beginning in 1984, sample size reduced from 20 to 10 percent and numbers rounded to the nearest 10.

[2] Arriving from the Mainland United States or Canada.

[3] Arriving from the Orient and Pacific areas.

Source: Hawaii Visitors Bureau.

Table 6–2
WESTBOUND VISITORS, BY COUNTY: 1981 TO 1987

Year[1]	City and County of Honolulu	Hawaii County	Maui County	Kauai County
1981	2,398,477	672,683	1,389,892	757,811
1982	2,589,190	678,170	1,550,080	733,295
1983	2,591,575	712,380	1,644,605	691,940
1984	2,901,320	760,940	1,854,690	814,590
1985	2,828,640	697,380	1,831,110	832,580
1986	3,146,030	786,930	2,003,870	1,014,650
1987 Jan-Aug (p) . . .	2,116,490	545,410	1,308,950	706,440
1986: 1st Q	787,470	214,240	514,130	247,160
2nd Q	813,530	190,600	519,010	262,180
3rd Q	816,000	184,110	502,020	260,620
4th Q	729,030	197,980	468,710	244,690
1987: 1st Q	776,110	227,890	498,660	262,940
2nd Q (p)	748,400	184,040	457,220	250,620
	Percent change from corresponding period in previous year			
1982	8.0	0.8	11.5	−3.2
1983	0.1	5.0	6.1	−5.6
1984	12.0	6.8	12.8	17.7
1985	−2.5	−8.4	−1.3	2.2
1986	11.2	12.8	9.4	21.9
1987 Jan-Aug (p) . . .	−3.8	1.7	−6.2	2.0
1986: 1st Q	5.5	4.8	−0.8	10.7
2nd Q	25.5	29.6	23.9	40.3
3rd Q	8.1	6.0	7.7	18.2
4th Q	7.4	15.0	9.6	21.1
1987: 1st Q	−1.4	6.4	−3.0	6.4
2nd Q (p)	−8.0	−3.4	−11.9	−4.4

p Preliminary.

[1] Data prior to 1981 are not comparable to later figures due to revisions. Beginning in 1984, sample size changed from 20 to 10 percent.

Source: Hawaii Visitors Bureau.

Table 6–3
HOTEL OCCUPANCY RATES BY AREA: 1986 AND 1987

[Percent; survey excludes some large hotel chains]

Date	State	Oahu	Hawaii Island	Maui Island	Kauai Island	Molokai
1986 Annual	81.7	85.4	62.8	81.5	77.6	(NA)
Jan-July	83.7	87.8	63.7	86.1	78.5	52.6
1987 Jan-July	82.4	87.9	62.9	77.2	76.0	49.6
1986:						
January	83.4	87.2	70.4	82.7	73.5	64.5
February	93.3	95.9	80.6	93.0	92.0	77.4
March	88.2	92.0	67.1	91.0	84.1	63.6
April	81.7	84.1	62.4	90.3	77.5	41.8
May	78.3	80.5	58.0	84.6	80.6	41.2
June	78.0	86.4	51.4	77.9	66.8	37.3
July	82.2	87.8	57.1	83.1	75.6	41.9
August	87.3	91.9	66.9	84.7	83.1	(NA)
September	72.8	76.1	52.7	72.8	71.4	(NA)
October	77.4	78.1	65.6	80.3	79.2	(NA)
November	81.1	84.2	64.4	81.8	76.4	(NA)
December	71.8	77.3	57.7	67.2	59.7	(NA)
1987:						
January	82.9	89.4	68.2	75.1	67.8	74.0
February	92.7	95.8	84.1	89.9	85.5	78.5
March	88.4	93.0	65.8	85.3	86.4	58.2
April	75.8	79.8	57.1	75.6	70.0	40.1
May	77.0	80.4	60.1	75.8	76.5	37.7
June	78.4	87.1	47.4	68.9	70.5	31.7
July	83.2	90.6	57.4	72.6	78.4	35.0

Source: Pannell Kerr Forster & Company, *Trends in the Hotel Industry, Hawaii.*

Table 6–4
VISITOR ACCOMMODATIONS IN HAWAII, BY TYPE: 1977 TO 1987

[As of February]

Year and island	Properties			Units		
	Total	Hotels[1]	Condo-miniums[2]	Total	Hotels[1]	Condo-miniums[2]
1977	335	(NA)	(NA)	44,986	39,901	5,085
1978	353	(NA)	(NA)	47,070	40,001	7,069
1979	381	(NA)	(NA)	49,832	41,299	8,533
1980	387	(NA)	(NA)	54,246	42,609	11,637
1981	412	214	198	56,769	42,575	14,194
1982	417	208	209	57,968	43,568	14,400
1983	426	218	208	58,765	45,352	13,413
1984	443	209	234	62,448	44,846	17,602
1985	481	207	274	65,919	44,115	21,804
1986	523	201	322	66,308	43,309	22,999
1987	510	196	314	65,318	43,422	21,896
ISLANDS: 1987						
Oahu	203	105	98	38,185	28,949	9,236
Waikiki[3]	173	88	85	34,014	25,722	8,292
Rest of Oahu	30	17	13	4,171	3,227	944
Other islands	307	91	216	27,133	14,473	12,660
Hawaii	81	30	51	7,328	5,226	2,102
Kauai	77	29	48	5,956	3,325	2,631
Maui	141	29	112	13,264	5,591	7,673
Molokai	7	2	5	575	321	254
Lanai	1	1	–	10	10	–

NA Not available.

[1] Hotels, apartment hotels, motels, and cottages.

[2] Condominium accommodations in rental pools for transient use.

[3] Includes Diamond Head and Kahala but not areas ewa and mauka (west and north) of the Ala Wai Canal.

Source: Hawaii Visitors Bureau, *Visitor Plant Inventory*, 1976 to 1986.

Table 6–5
AVERAGE DAILY HOTEL ROOM RATES, BY ISLANDS: 1970 TO 1987

[Dollars]

Year	State	Oahu	Hawaii	Maui	Kauai	Molokai
1970	25.74	(NA)	(NA)	(NA)	(NA)	(NA)
1975	29.75	(NA)	(NA)	(NA)	(NA)	(NA)
1976	29.54	26.70	30.52	37.61	34.51	(NA)
1977	34.28	31.87	33.08	42.59	38.45	(NA)
1978	38.56	35.90	36.70	47.86	42.25	(NA)
1979	44.40	41.42	41.44	57.15	47.75	(NA)
1980	47.37	42.70	46.40	61.34	55.16	(NA)
1981	49.87	43.16	47.16	73.44	56.06	(NA)
1982	51.78	44.80	47.37	75.02	58.48	(NA)
1983	55.58	47.62	50.49	81.60	59.75	(NA)
1984	59.25	49.45	57.17	88.89	65.05	(NA)
1985	65.66	57.00	65.35	96.75	69.51	(NA)
1986	73.20	62.13	75.19	113.66	75.37	(NA)
(Jan-July)	73.63	62.35	74.79	117.49	77.26	57.05
1987 (Jan-July)	81.53	70.21	84.76	133.34	82.71	66.86
	Percent change from previous year					
1976	-0.7	(NA)	(NA)	(NA)	(NA)	(NA)
1977	16.1	19.4	8.4	13.2	11.4	(NA)
1978	12.5	12.7	10.9	12.4	9.9	(NA)
1979	15.2	15.4	12.9	19.4	13.0	(NA)
1980	6.7	3.1	12.0	7.3	15.5	(NA)
1981	5.2	1.1	1.6	19.7	1.6	(NA)
1982	3.8	3.8	0.4	2.2	4.3	(NA)
1983	7.4	6.3	6.6	8.8	2.2	(NA)
1984	6.6	3.8	13.2	8.9	8.9	(NA)
1985	10.8	15.3	14.3	8.8	6.9	(NA)
1986	11.5	9.0	15.1	17.5	8.4	(NA)
1987 (Jan-July)	10.7	12.6	13.3	13.5	7.1	17.2

NA Not available.

Source: Pannell Kerr Forster & Company, *Trends in the Hotel Industry, Hawaii.*

7. CONSTRUCTION

The construction industry remained very active in the first half of 1987. The value of construction completed from January to June increased 18.5 percent from the previous year. The value of private building authorizations, an indicator of future construction activity, increased 22 percent from the previous year. Residential construction continued to dominate private construction, with new homes being built primarily in the suburban areas of Oahu.

Contracts for public construction, which experienced healthy increases during the first three months of 1987, declined during the second quarter of 1987. Over $10 million was contracted out for work on the Pacific Missile Range Facility at Barking Sands, Kauai. Close to $12 million was awarded to improving the inter-island terminal at the Honolulu International Airport.

Employment in construction (section 4) has lead all idustries in growth, recovering to its early 1980 levels after reaching a low of 15,800 jobs in 1984. The outlook for the industry in the last quarter of 1987 is clouded by the possibility of a strike by the carpenters union.

Figure 7-1

GROWTH IN CONSTRUCTION EXPENDITURES

(percent change from previous year)

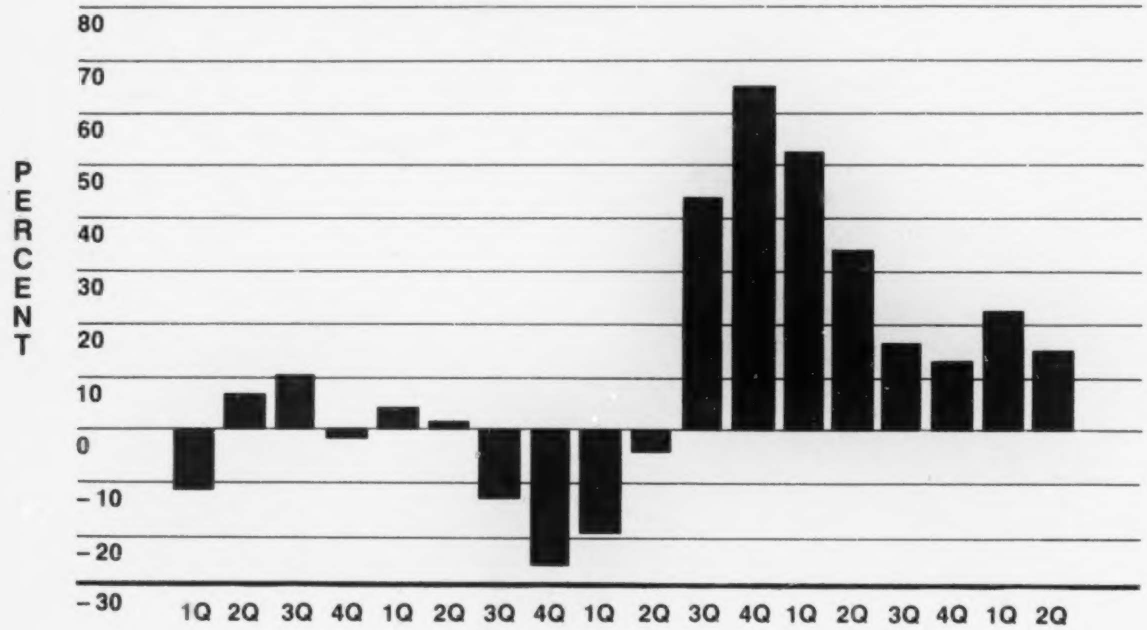

Table 7–1

ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED, HAWAII: 1985 TO 1987

[Millions of dollars]

Year	Value of construction completed[1]	Private building authorizations				Government contracts awarded
		Total private authorization	Residential	Commercial and industrial[2]	Additions and alterations	
1985	1,429.6	889.0	500.1	208.8	180.1	248.5
1986	1,810.0	1,024.1	455.5	266.3	302.3	425.1
1987 (Jan-June)[3]	1,039.4	556.4	245.2	150.3	160.9	183.6
1986: 1st Q	409.5	245.0	124.6	69.5	51.0	79.8
2nd Q	467.6	220.5	94.3	65.1	61.1	114.1
3rd Q	500.0	355.0	135.4	86.0	133.6	159.6
4th Q	432.9	203.5	101.1	45.7	56.7	71.6
1987: 1st Q	498.9	248.8	122.7	72.7	53.4	97.2
2nd Q[3]	540.5	307.6	122.5	77.6	107.5	86.4
	Percent change from corresponding period in previous year					
1985	16.5	52.9	52.6	100.8	20.2	-39.6
1986	26.6	15.7	-10.6	32.7	68.7	71.1
1987 (Jan-June)[3]	18.5	22.2	14.7	14.9	45.0	-5.3
1986: 1st Q	52.4	25.3	-4.2	130.6	42.1	53.1
2nd Q	34.6	-2.7	-40.4	157.5	41.8	121.9
3rd Q	16.6	62.1	12.3	65.6	186.7	144.5
4th Q	12.5	-17.4	5.3	-56.8	-7.4	-10.2
1987: 1st Q	21.8	1.6	-1.5	4.6	4.7	21.8
2nd Q[3]	15.6	46.2	37.3	26.6	79.4	-24.3

[1] Value of construction subject to State excise tax, adjusted to reflect reporting delay of about one month.

[2] Includes hotels.

[3] Excludes Maui County building authorizations for June. Percent computations based on comparable periods and coverage.

Source: Hawaii State Department of Taxation; County building departments; Trade Publishing Co., *Building Industry Digest: BID Service Weekly.*

Table 7–2
ESTIMATED VALUE OF PRIVATE BUILDING CONSTRUCTION AUTHORIZATIONS, BY COUNTY: 1980 TO 1987

[Millions of dollars]

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
1980	1,219.2	686.3	146.0	133.3	253.7
1981	802.0	454.1	136.5	67.7	143.7
1982	683.1	473.0	75.2	44.2	90.7
1983	685.2	366.8	86.7	140.5	91.3
1984	581.5	378.3	90.3	53.0	59.8
1985	889.0	524.8	121.3	63.9	178.9
1986	1,024.1	545.3	231.5	93.2	154.1
1987 (Jan-June)[1]	556.4	377.9	62.4	52.3	63.9
1986: 1st Q	245.0	150.9	22.0	42.1	29.9
2nd Q	220.5	112.9	58.4	16.0	33.2
3rd Q	355.0	164.6	119.3	19.2	52.0
4th Q	203.5	116.9	31.8	15.9	38.9
1987: 1st Q	248.8	156.9	27.7	29.6	34.7
2nd Q[1]	307.6	221.0	34.7	22.7	29.2
	Percent change from corresponding period in previous year				
1980	39.4	36.9	30.1	17.1	72.0
1981	-34.2	-33.8	-6.5	-49.2	-43.4
1982	-14.8	4.2	-44.9	-34.7	-35.0
1983	0.3	-22.4	15.3	217.5	0.6
1984	-15.1	3.1	4.3	-62.3	-34.4
1985	52.9	38.7	34.3	20.5	199.0
1986	15.2	3.9	90.8	45.9	-13.9
1987 (Jan-June)[1]	22.2	43.3	-22.4	-10.0	20.5
1986: 1st Q	25.3	26.6	-52.4	188.3	83.7
2nd Q	-2.7	16.6	194.1	5.4	-65.1
3rd Q	62.1	19.0	282.4	1.2	67.2
4th Q	-17.4	-31.5	31.4	4.9	6.6
1987: 1st Q	1.6	4.0	25.9	-29.7	16.1
2nd Q[1]	46.2	95.7	-40.6	41.9	26.1

[1] Excludes Maui County building authorizations for June. Percent computations based on comparable periods and coverage.

Source: County building departments.

Table 7–3

ESTIMATED VALUE OF GOVERNMENT CONSTRUCTION CONTRACTS AWARDED IN HAWAII, BY AWARDING AGENCY: 1980 TO 1987

[Millions of dollars]

Year	Total	Federal	State	County
1980	230.6	66.5	120.0	44.1
1981	427.5	176.1	180.5	70.9
1982	392.7	139.6	182.0	71.2
1983	277.9	84.7	126.8	66.4
1984	411.8	130.0	196.7	85.1
1985	248.5	74.8	93.8	79.9
1986	425.1	101.9	205.4	117.8
1987 (Jan-June)	183.6	30.7	91.3	61.6
1986: 1st Q	79.8	13.9	47.6	18.3
2nd Q	114.1	6.9	48.7	58.4
3rd Q	159.6	38.1	90.8	30.7
4th Q	71.6	36.2	119.1	47.4
1987: 1st Q	97.2	18.3	51.9	27.0
2nd Q	86.4	12.4	39.4	34.6
	Percent change from corresponding period in previous year			
1980	-40.7	-37.1	-45.7	-28.8
1981	85.4	164.8	50.5	60.6
1982	-8.1	-20.7	0.8	0.4
1983	-29.3	-39.3	-30.3	-6.7
1984	48.2	53.4	55.1	28.2
1985	-39.6	-42.4	-52.3	-6.2
1986	71.1	36.2	119.1	47.4
1987 (Jan-June)	-5.3	47.6	-5.2	-19.7
1986: 1st Q	53.1	87.3	500.6	-50.3
2nd Q	121.9	-56.6	78.9	603.6
3rd Q	144.5	421.5	170.2	25.8
4th Q	-10.2	-2.7	-26.7	-1.1
1987: 1st Q	21.8	31.7	9.0	47.5
2nd Q	-24.3	79.7	-19.1	-40.8

Source: Trade Publishing Co., *Building Industry Digest: BID Service Weekly* and First Hawaiian Bank, Research Division.

Table 7–4
NUMBER OF SINGLE-FAMILY AND MULTI-FAMILY HOUSING UNITS AUTHORIZED BY COUNTY: 1980 TO 1987

Year	State	City and County of Honolulu	Hawaii County	Kauai County	Maui County
Single family units (including duplexes):					
1980	4,058	1,645	1,204	401	808
1981	2,649	728	1,048	409	464
1982	2,285	725	800	230	530
1983	3,417	1,627	938	291	561
1984	4,442	2,513	928	361	640
1985	4,951	2,436	1,046	453	1,016
1986	4,700	2,173	1,144	438	945
1986: 1st Q	925	368	266	72	219
2nd Q	1,226	560	320	114	232
3rd Q	1,354	659	281	134	280
4th Q	1,195	586	277	118	214
1987: 1st Q	1,523	749	325	137	312
2nd Q[1]	1,426	843	337	148	98
Multi-family units (3 or more units per structure):					
1980	6,603	3,297	727	766	1,813
1981	3,142	1,873	270	64	935
1982	4,594	4,109	245	118	122
1983	1,341	1,220	38	73	10
1984	1,021	829	153	35	4
1985	2,450	1,807	128	84	431
1986	2,479	1,986	21	–	472
1986: 1st Q	1,247	1,207	–	–	40
2nd Q	299	289	–	–	10
3rd Q	509	403	–	–	106
4th Q	424	87	21	–	316
1987: 1st Q	488	488	–	–	–
2nd Q[1]	279	80	77	–	122

[1] Excludes Maui County building authorizations for June.

Source: County building departments.

Table 7–5
HONOLULU CONSTRUCTION COST INDEXES: 1980 TO 1987

[1967=100]

Year	Single-family residence			High-rise building		
	All components	Material prices	Labor[1]	All components	Material prices	Labor[1]
1980	283.2	263.8	307.8	290.1	270.5	307.1
1981	291.2	254.2	337.9	308.2	274.6	337.4
1982	304.7	250.6	373.0	330.3	281.4	372.7
1983	331.5	276.5	400.9	352.1	294.6	402.0
1984	348.2	281.4	432.5	367.2	294.5	430.2
1985	357.6	286.7	447.1	375.2	295.8	444.0
1986	369.9	294.6	464.7	385.9	298.5	461.4
1986: March	365.3	290.3	460.0	384.4	301.4	456.3
June	368.9	296.7	460.0	384.4	301.4	456.3
Sept	374.8	297.7	472.2	392.4	303.5	469.6
Dec	372.1	290.6	475.0	384.2	281.4	473.3
1987: March	373.1	289.1	479.1	387.5	287.6	474.1
June	374.1	290.8	479.1	389.0	290.8	474.1
	Percent change from corresponding period in previous year					
1980	6.4	6.2	6.6	9.8	13.8	6.8
1981	2.8	−3.6	9.8	6.3	1.5	9.9
1982	4.6	−1.4	10.4	7.2	2.5	10.5
1983	8.8	10.4	7.5	6.6	4.7	7.8
1984	5.0	1.8	7.9	4.3	0.0	7.0
1985	2.7	1.9	3.4	2.2	0.4	3.2
1986	3.4	2.8	3.9	2.8	0.9	3.9
1986: March	3.6	3.0	4.1	3.9	3.4	4.1
June	3.5	2.9	4.1	3.0	1.5	3.9
Sept.	2.8	2.3	3.3	2.6	1.3	3.3
Dec.	2.5	1.1	3.5	0.8	−4.9	4.0
1987: March	2.1	−0.4	4.2	0.8	−4.6	3.9
June	1.4	−2.0	4.2	1.2	−3.5	3.9

[1] Includes wages and benefits.

Source: First Hawaiian Bank, Research Division.

8. POPULATION

The resident population of Hawaii reached 1,062,300 in mid-1986. The total included 58,100 members of the armed forces stationed or homeported in Hawaii, 66,200 military dependents, and 938,000 civilians other than military dependents.

Population growth rates in Hawaii are considerably higher than for the nation as a whole. Between April 1, 1980 and July 1, 1986, the United States population count increased 6.4 percent, compared with 10.1 percent for Hawaii. The de facto population, which includes visitors present but excludes residents absent grew 11.9 percent. By county, population growth has been most rapid on the Neighbor Islands, which have increased 21.5 percent since 1980, while Oahu grew by 7.1 percent.

The estimates are reported in greater detail in DBED Statistical Report 201, *The Population of Hawaii, 1980–1986*, which also includes household estimates and recent estimates of age and sex distribution.

Table 8-1
RESIDENT POPULATION, BY MILITARY STATUS: 1970 TO 1986

[Excludes visitors present but includes residents temporarily absent]

Year	Total resident population	Armed forces[1]	Civilian population: All civilians	Civilian population: Military dependents 2/	Civilian population: Not military dependents
1970: April 1	769,913	55,142	714,771	61,858	652,913
July 1	771,600	53,800	717,800	57,800	660,100
1971: July 1	801,600	50,800	750,800	62,200	688,700
1972: July 1	828,300	52,000	776,400	66,200	710,100
1973: July 1	851,600	58,100	793,500	70,300	723,200
1974: July 1	868,000	57,500	810,500	68,300	742,100
1975: July 1	886,200	58,800	827,400	63,700	763,700
1976: July 1	904,200	57,800	846,400	67,000	779,400
1977: July 1	918,300	56,500	861,800	65,000	796,800
1978: July 1	931,600	58,300	873,300	61,100	812,200
1979: July 1	953,300	57,900	895,400	64,500	830,900
1980: April 1	964,691	57,056	907,635	64,023	843,612
July 1	968,900	57,900	911,000	64,100	846,900
1981: July 1	980,200	56,600	923,600	64,300	859,300
1982: July 1	997,600	54,900	942,700	66,700	876,000
1983: July 1	1,018,600	55,200	963,500	66,300	897,200
1984: July 1	1,036,000	57,300	978,700	67,100	911,600
1985: July 1	1,051,500	56,400	995,100	64,300	930,800
1986: July 1[3]	1,062,300	58,100	1,004,200	66,200	938,000

[1] These figures are the estimates developed by the U.S. Bureau of the Census for use in population estimation. They differ somewhat from corresponding figures from other sources.

[2] Dependents living in Hawaii, regardless of location of family head.

[3] Provisional estimates.

Source: Federal-State Cooperative Program for Local Population Estimates.

Table 8-2

RESIDENT AND DE FACTO POPULATION, BY RESIDENCE STATUS: 1970 TO 1986

Year	Resident population[1]		De facto population[3]		De facto-resident ratio[4]
	Total	Temporarily absent[2]	Total	Visitors present[2]	
1970: April 1	769,913	10,300	796,500	36,900	1,035
July 1	771,600	10,000	798,600	36,900	1,035
1971: July 1	801,600	9,400	833,100	40,900	1,039
1972: July 1	828,300	8,600	869,800	50,100	1,050
1973: July 1	851,600	9,800	901,300	59,600	1,058
1974: July 1	868,000	7,800	923,700	63,500	1,064
1975: July 1	886,200	9,000	943,500	66,300	1,065
1976: July 1	904,200	9,400	970,300	75,500	1,073
1977: July 1	918,300	9,000	992,300	83,000	1,081
1978: July 1	931,600	9,300	1,014,300	92,000	1,089
1979: July 1	953,300	9,300	1,042,700	98,700	1,094
1980: April 1	964,691	9,600	1,052,700	97,600	1,091
July 1	968,900	9,600	1,055,800	96,500	1,090
1981: July 1	980,200	11,600	1,064,500	96,000	1,086
1982: July 1	997,600	14,500	1,088,300	105,300	1,091
1983: July 1	1,018,600	11,500	1,115,200	108,000	1,095
1984: July 1	1,036,000	16,100	1,138,600	118,700	1,099
1985: July 1	1,051,500	18,600	1,149,600	116,700	1,093
1986: July 1[5]	1,062,300	17,200	1,178,100	132,900	1,109

[1] The resident population is defined as the number of persons whose usual place of residence is in an area, regardless of physical location on the estimate or census date. It includes military personnel stationed or homeported in the area but excludes persons of local origin attending school or in military service outside the area.

[2] Averages for 12-month periods centered on the estimate or census dates.

[3] The de facto population is defined as the number of persons physically present in an area, regardless of military status or usual place of residence; it includes visitors present but excludes residents temporarily absent.

[4] De facto population per 1,000 resident population.

[5] Revised provisional estimate.

Source: Federal-State Cooperative Program for Local Population Estimates.

Table 8-3
RESIDENT POPULATION,BY COUNTIES AND ISLANDS: 1980, 1985, AND 1986

County and island	April 1, 1980	July 1, 1985	July 1, 1986 1/	Increase, 1980-1986	
				Number	Percent
State total	964,691	1,051,500	1,062,300	97,700	10.1
County:					
Hawaii	92,053	109,500	111,800	19,700	21.4
Maui	70,847	85,300	87,400	16,600	23.4
Kalawao	144	148	145	1	0.7
Honolulu[2]	762,565	811,100	816,700	54,200	7.1
Kauai	39,082	45,400	46,300	7,200	18.5
Island:					
Hawaii	92,053	109,500	111,800	19,700	21.4
Maui	62,823	76,800	78,700	15,900	25.3
Kahoolawe	—	—	—	—	—
Lanai	2,119	2,200	2,200	100	3.7
Molokai	6,049	6,500	6,700	600	10.1
Oahu[2]	762,565	811,100	816,700	54,200	7.1
Kauai	38,856	45,200	46,100	7,300	18.7
Niihau	226	180	214	−12	−5.3

[1] Provisional.

[2] Includes the Northwestern Hawaiian Islands, except Midway (31 in 1980).

Source: Federal-State Cooperative Program for Local Population Estimates.

Table 8-4
DE FACTO POPULATION, BY COUNTIES AND ISLANDS: 1980, 1985, AND 1986

County and island	April 1, 1980	July 1, 1985	July 1, 1986 1/	Increase, 1980-1986	
				Number	Percent
State total	1,052,659	1,149,600	1,178,100	125,400	11.9
County:					
Hawaii	98,659	116,100	120,000	21,400	21.7
Maui	85,721	115,500	120,100	34,400	40.1
Kalawao	144	148	145	1	0.7
Honolulu[2]	822,002	861,600	877,300	55,300	6.7
Kauai	46,133	56,200	60,500	14,300	31.1
Island:					
Hawaii	98,659	116,100	120,000	21,400	21.7
Maui	76,829	105,700	110,000	33,200	43.2
Kahoolawe	—	—	—	—	—
Lanai	2,129	2,200	2,200	100	3.6
Molokai	6,907	7,800	8,000	1,100	16.3
Oahu[2]	822,002	861,600	877,300	55,300	6.7
Kauai	45,907	56,100	60,300	14,400	31.3
Niihau	226	180	214	– 12	– 5.3

Source: Federal-State Cooperative Program for Local Population Estimates.

Table 9–1
RECENT ECONOMIC AND DEMOGRAPHIC TRENDS: STATE OF HAWAII

Series[1]	Unit	Period[2]	Number	Percent change from same period in previous year
Resident population (p)	Persons	February	1,062,000	1.0
City and County of Honolulu	Persons	7/1/86	816,700	0.7
Hawaii County	Persons	7/1/86	111,800	2.0
Kauai Island	Persons	7/1/86	46,100	3.8
Maui Island	Persons	7/1/86	78,700	2.7
Molokai	Persons	7/1/86	6,700	2.2
Lanai	Persons	7/1/86	2,200	0.7
Niihau	Persons	7/1/86	214	18.9
Personal income	$ Million	1st Q	16,158	5.8
Consumer price index (Honolulu)				
All items	(1967 = 100)	Jan-June	311.9	4.1
Food prices	(1967 = 100)	Jan-June	336.9	4.1
Construction				
Private permits[3]	$ Million	Jan-June	556.4	22.2
Residential permits	$ Million	Jan-June	245.2	14.7
New single-family units	Number	Jan-June	2,949	37.1
New multi-family units	Number	Jan-June	767	– 50.4
Commercial & industrial	$ Million	Jan-June	150.3	14.9
Additions & alterations	$ Million	Jan-June	160.9	45.0
Government contracts awarded	$ Million	Jan-June	183.6	– 5.3
Construction cost indexes (Hon.)				
Single-family units	(1967 = 100)	June	374.1	1.4
High-rise buildings	(1967 = 100)	June	389.0	1.2
Employment(p)				
Civilian labor force	Persons	Jan-July	498,250	2.2
Civilian employment	Persons	Jan-July	477,750	3.4
Civilian unemployment	Persons	Jan-July	20,500	– 18.5
Unemployment rate	Percent	Jan-July	4.1	–
Total jobs	Number	Jan-July	496,850	3.0
Visitor industry				
Total visitors	Number	Jan-Aug	3,930,510	1.5
Westbound	Number	Jan-Aug	2,886,170	– 2.7
Eastbound	Number	Jan-Aug	1,044,340	
Visitor expenditures (p)	$ Million	1986	5,500	12.6
Hotel units	Number	February	65,318	– 1.5
Defense expenditures	$ Million	Jan-June	890.0	– 0.4
Sugar production (p)	$ Million	1986	377.0	5.0
Pineapple sales (p)	$ Million	1986	242.0	8.8

p Provisional estimates.

[1] Statewide data unless indicated otherwise.

[2] Data for 1987 unless otherwise noted.

[3] Excludes June data for Maui County.